BODIBRA®

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My Heart Bodibra Group Limited

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 8297

Annual Report 2017-18

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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 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 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.*

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CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Yeung Man Sun
(appointed as independent non-executive Director on 29 December 2017 and re-designated as executive Director on 6 February 2018)
Mr. Fok Wai Hung
(appointed on 29 December 2017)
Mr. Lam Ka Yuen
(appointed on 29 December 2017)
Ms. Luk Mo Yan
(appointed on 6 February 2018)
Mr. Chan Lin So Alan *(Chairman)*
(resigned on 6 February 2018)
Mr. Yiu Koon Pong *(Chief Executive Officer)*
(ceased to be Director on 27 October 2017)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam Tat Fung
(appointed on 29 December 2017)
Mr. Ong King Keung
(appointed on 29 December 2017)
Mr. Cai Chun Fai
(appointed on 6 February 2018)
Mr. Yeung Man Sun
(appointed as independent non-executive Director on 29 December 2017 and re-designated as executive Director on 6 February 2018)
Mr. Wong Tin King Richard
(resigned on 29 December 2017)
Mr. Li Fu Yeung
(resigned on 29 December 2017)
Ms. Chow Ting Hei Haily Josephine
(resigned on 6 November 2017)

BOARD COMMITTEES

Audit Committee

Mr. Lam Tat Fung *(Chairman)*
(appointed as a member on 29 December 2017 and appointed as Chairman on 6 February 2018)
Mr. Ong King Keung
(appointed on 29 December 2017)
Mr. Cai Chun Fai
(appointed on 6 February 2018)
Mr. Yeung Man Sun *(Chairman)*
(appointed on 29 December 2017 and ceased on 6 February 2018)
Mr. Wong Tin King Richard *(Chairman)*
(resigned on 29 December 2017)
Mr. Li Fu Yeung
(resigned on 29 December 2017)
Ms. Chow Ting Hei Haily Josephine
(resigned on 6 November 2017)

Remuneration Committee

Mr. Lam Tat Fung *(Chairman)*
(appointed as a member on 29 December 2017 and appointed as Chairman on 6 February 2018)
Mr. Fok Wai Hung
(appointed on 29 December 2017)
Mr. Cai Chun Fai
(appointed on 6 February 2018)
Mr. Yeung Man Sun *(Chairman)*
(appointed on 29 December 2017 and ceased on 6 February 2018)
Mr. Li Fu Yeung *(Chairman)*
(resigned on 29 December 2017)
Mr. Wong Tin King Richard
(resigned on 29 December 2017)
Mr. Chan Lin So Alan
(appointed on 6 November 2017 and resigned on 29 December 2017)
Ms. Chow Ting Hei Haily Josephine
(resigned on 6 November 2017)

Nomination Committee

Mr. Lam Tat Fung *(Chairman)*
(appointed on 29 December 2017)
Mr. Fok Wai Hung
(appointed on 29 December 2017)
Mr. Cai Chun Fai
(appointed on 6 February 2018)
Ms. Chow Ting Hei Haily Josephine *(Chairman)*
(resigned on 6 November 2017)
Mr. Chan Lin So Alan *(Chairman)*
(appointed as Chairman on 6 November 2017 and resigned on 29 December 2017)
Mr. Yeung Man Sun
(appointed on 29 December 2017 and ceased on 6 February 2018)
Mr. Wong Tin King Richard
(resigned on 29 December 2017)
Mr. Li Fu Yeung
(appointed on 6 November 2017 and resigned on 29 December 2017)

COMPLIANCE OFFICER

Mr. Yeung Man Sun (appointed on 6 February 2018)
Mr. Fok Wai Hung (appointed on 29 December 2017 and resigned on 6 February 2018)
Mr. Chan Lin So Alan (resigned on 29 December 2017)

COMPANY SECRETARY

Mr. Fok Wai Hung
(resigned on 1 June 2018)
Ms. Lai Wai Ha of Akron Advisory Limited, external service provider
(appointed on 1 June 2018)

REGISTERED OFFICE

P.O. Box 1350, Clifton House
75 Fort Street, Grand Cayman
KY1-1108, Cayman Islands

PRINCIPAL OFFICE

Unit 2801–03, 28/F
Paul Y. Centre
51 Hung To Road, Kwun Tong
Kowloon, Hong Kong

AUTHORISED REPRESENTATIVES

Mr. Yeung Man Sun
Mr. Fok Wai Hung

AUDITOR

World Link CPA Limited

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
Room 2103B, 21/F
148 Electric Road, North Point
Hong Kong

PRINCIPAL BANKER

Hang Seng Bank Limited

COMPLIANCE ADVISER

Lego Corporate Finance Limited
(resigned on 21 November 2017)
Central China International Capital Limited
(appointed on 21 November 2017)

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Estera Trust (Cayman) Limited
Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

GEM STOCK CODE

8297

WEBSITE

www.bodibra.com

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

The successful listing of the shares of the Company (the "**Shares**") on the GEM on 13 July 2017 (the "**Listing Date**") was a significant milestone for the Group, which not only enhances the Group's brand awareness and boosts up the confidence of the customers and the suppliers of the Group, but also provides a platform to the Group to raise funds from the capital markets in order to improve the financial strength of the Group. The trading of the Shares had been suspended on 3 October 2017 but as a result of our relentless efforts, the trading of the Shares had been resumed from 23 April 2018.

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 2018 and up to the date of this report, the Group is principally engaged in the 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 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 sells other products without shaping functions, which primarily include breast cream, panties, nude bras, swimwear, bras straps and pads, and waist bands.

During the year, in addition to maintaining its focus on Hong Kong market, the Group took steps to develop the lingerie markets in the PRC and Macau. For the year ended 31 March 2018, the Group had leased new retail outlets at (1) Shop No. 347, Level 3, Plaza Hollywood, Diamond Hill, Kowloon, which had commenced operation from 28 September 2017; (2) Shop 61, 1/F., Nan Tang Shang Ye Guang Chang B, Yongxin Jie, Luohu, Shenzhen, Guangdong Province, PRC, which had commenced operation from 2 February 2018 (until 14 June 2018); and (3) 4/F., Mao Ye Bai Huo, HuaQiang Bei, Futian Qu, Shenzhen, Guangdong Province, PRC, which had commenced operation from 28 March 2018.

PROSPECTS

Looking forward, the Group expects the operating environment challenges to continue. The Group always strives to remain sensitive to the increasing and changing needs of its customers and to create new design and products for them at a competitive price by investing more resources for product development and reinforcing cost control measures. The Group will also implement proactive marketing strategies and enhance the inventory management to bring a desirable return to the shareholders of the Company (the "**Shareholders**") and facilitate the long-term growth of the business of the Group.

The board of directors of the Company (the "**Board**") will also strive to improve the Group's business operations and financial position by proactively seeking potential investment opportunities (i) which is in line with the existing business of the Group so as to bring synergy effect to business of the Group and (ii) that would diversify the Group's existing business portfolio and broaden its source of income, and enhance value to the Shareholders.

FINANCIAL REVIEW

Revenue

For the year ended 31 March 2018, the Group's revenue principally represents income derived from (1) the sale of lingerie products with shaping functions and other complementary and ancillary products and (2) income from unused credit packages, recorded a total amount of approximately HK$79.2 million, representing an increase of approximately 1.9% compared with the revenue of approximately HK$77.7 million for the year ended 31 March 2017 as a result of the slight increase in sales volume.

Cost of Sales and Gross Profit

The Group's cost of sales recorded approximately HK$14.7 million for the year ended 31 March 2018, representing an increase of approximately 3.5% compared with the cost of sales of approximately HK$14.2 million for the year ended 31 March 2017. The increase in cost of sales was primarily due to the increase in the staff cost.

The gross profit increased by approximately 1.4% from approximately HK$63.5 million for the year ended 31 March 2017 to approximately HK$64.4 million for the year ended 31 March 2018.

Selling Expenses

Selling expenses decreased by approximately HK$1.5 million from approximately HK$32.4 million for the year ended 31 March 2017 to approximately HK$30.9 million for the year ended 31 March 2018, which was mainly due to the decrease in advertising expenses.

Administrative Expenses

The Group's administrative expenses increased by approximately HK$13.6 million from approximately HK$16 million for the year ended 31 March 2017 to approximately HK$29.6 million for the year ended 31 March 2018, which was primarily due to the increase in staff cost, extra legal and professional fees incurred for handling regulatory queries and compliance issues relating to the Shares suspension and resumption. Trading in the Shares had been suspended since 3 October 2017 and resumed on 23 April 2018.

Listing Expenses

The Group recognised non-recurring listing expenses of approximately HK$9.1 million for the year ended 31 March 2018 while there was approximately HK$11.4 million recognised for the year ended 31 March 2017. Up to the year ended 31 March 2018, the Group had fully recognised the listing expenses.

(Loss)/Profit before Tax

As a result of the foregoing, the Group recorded a loss before tax of approximately HK$5 million for the year ended 31 March 2018 compared with the profit before tax of approximately HK$3.6 million for the year ended 31 March 2017, which was mainly due to the increase in staff cost, extra legal and professional fees incurred for handling regulatory queries and compliance issues relating to the Shares suspension and resumption of the trading in the Shares on the GEM.

Income Tax (Credit)/Expense

The Group's income tax decreased by approximately HK$6.2 million from income tax expense of approximately HK$2.5 million for the year ended 31 March 2017 as compared to income tax credit of approximately HK$3.7 million for the year ended 31 March 2018. The decrease was mainly due to an approval of a one-off tax refund by the Inland Revenue Department (the "**IRD**"). Consequently, the Group recorded an overprovision of Hong Kong Profits Tax amounting to HK$5.6 million during the year 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 2015/2016 on 29 June 2017. It had been established to the IRD's satisfaction that the relevant tax matter has been resolved.

(Loss)/Profit Attributable to Owners of the Company

As a result of the cumulative effect of the above factors, the Group had recorded a loss attributable to owners of the Company of approximately HK$1.3 million for the year ended 31 March 2018, while there was a profit attributable to owners of the Company of approximately HK$1.1 million for the year ended 31 March 2017. This was mainly attributable to (i) the recognition of non-recurring listing expenses of approximately HK$9.1 million for the year ended 31 March 2018 in relation to the listing of the shares of the Company on the GEM on 13 July 2017; and (ii) an increase in the administrative expenses of the Group for the year ended 31 March 2018 as compared to the year ended 31 March 2017 as a result of extra legal and professional fees incurred in connection with the suspension of trading of the shares of the Company from October 2017 to April 2018. However, if the effect of the non-recurring listing expenses and the non-recurring administrative expenses were excluded, the Group would record a profit attributable to owners of the Company for the year ended 31 March 2018.

DIVIDEND

The Board does not recommend the payment of dividend for the year ended 31 March 2018. Details are set out in note 15 to the consolidated financial statements.

RESULTS OF FINANCIAL POSITION

The Group's total assets increased by approximately HK$45.7 million to approximately HK$139.3 million as at 31 March 2018 (2017: approximately HK$93.6 million).

The Group's total liabilities increased by approximately HK$7.8 million to approximately HK$98.9 million as at 31 March 2018 (2017: approximately HK$91.1 million).

The equity attributable to owners of the Company increased by approximately HK$38 million to approximately HK$40.5 million as at 31 March 2018 (2017: approximately HK$2.5 million).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2018, the Group had net current assets of approximately HK$26.5 million (31 March 2017: approximately HK$4.1 million of net current liabilities). The Group had cash and cash equivalents of approximately HK$71.7 million as at 31 March 2018 (31 March 2017: approximately HK$48.3 million).

CAPITAL STRUCTURE

The shares of the Company were successfully listed on the GEM on 13 July 2017. There has been no change in the capital structure of the Group since then. The share capital of the Group only comprises of ordinary shares.

As at 31 March 2018, 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 2018 are set out in note 28 to the consolidated financial statements.

GEARING RATIO

Gearing ratio is calculated based on the total debts divided by total equity at the respective reporting date. As at 31 March 2018, the Group's gearing ratio was approximately 5.9%, 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 the Listing Date.

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 total number of issued shares of 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$7.5 million to Ocean Trader as a shareholder's loan for the acquisition of a vessel.

During the year, the Group acquired a vessel valued at HK$5 million.

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the prospectus of the Company dated 26 June 2017 (the "**Prospectus**") and in this annual report, the Group currently has no plans for material investments or capital assets.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2018, the Group had 157 full-time employees (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.

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 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 2018, the Directors considered the Group's foreign exchange risk remained minimal currently.

CAPITAL COMMITMENTS

Save as disclosed in note 32 to the consolidated financial statements, as at 31 March 2018, the Group did not have other material capital commitments.

CONTINGENT LIABILITIES

As at 31 March 2018, the Group did not have any material contingent liabilities.

PLEDGE OF ASSETS

As at 31 March 2018, the Group did not have any mortgage or charge over its assets.

EVENTS AFTER THE REPORTING PERIOD

There are no material subsequent events undertaken by the Company or by the Group after the reporting period.

COMPARISON OF BUSINESS OBJECTIVES AND ACTUAL BUSINESS PROGRESS

The following is a comparison between the business objectives of the Group as set out in the Prospectus with actual business progress for the period from the Listing Date to 31 March 2018.

Business objectives up to 31 March 2018 as set out in the Prospectus	Actual business progress up to 31 March 2018
Expand the retail network of the Group	
• Open one retail store in Hong Kong, one retail store in Macau and two retail stores in the PRC, including one-off renovation, rental deposits and inventory	The Group has opened one retail store in Hong Kong and two retail stores in Shenzhen, the PRC, including one-off renovation, rental deposits, during the period
• Employ 10 more sales persons in Hong Kong, the PRC and Macau for our new retail stores and retain the new sales persons employed for our new retail stores	The Group employed a total of 5 sales persons in Hong Kong and the PRC for the new retail stores during the period
Further strengthen the brand awareness and reputation of the Group	
• Increase our marketing efforts by, among others, placing more advertisements in newspapers, magazines, social media, websites and billboards	The Group will place more advertisements in social media, online video sharing platform and engage famous Hong Kong artist as spokeperson
Increase the production capacity and product development capabilities of the Group	
• Set up a new factory and a warehouse in the PRC, including renovation, purchase of cutting and sewing machines, rental deposit, employing approximately 50 production workers and other miscellaneous costs	The Group is in the process of finding a suitable new factory and a warehouse in the PRC
• Strengthen the research and development capabilities of the Group by employing two more product designers	The Group is in the process of hiring suitable designers in Hong Kong during the period
• Set up a team to work with the Chiropractic Doctors' Association of Hong Kong ("**CDAHK**") to improve the functionality of our lingerie products	The Group will look for suitable professionals for the cooperation opportunities in order to improve the functionality of the lingerie products
• Continue to work with CDAHK to improve the functionality of our lingerie products	

Business objectives up to 31 March 2018 as set out in the Prospectus	Actual business progress up to 31 March 2018
Strengthen the operational efficiency of the Group	
• Upgrade our POS system including functions such as goods receipt cost allocation, inventory reports, sales reports, etc. • Purchase an enhanced POS module for our new retail stores • Enhance the very important persons (VIP) credit functions in our retail stores including modifications such as accumulation of credit and non-expiry of prepaid package	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
• Purchase a software licence including finance, supply chain management and manufacturing modules for facilitating the purchasing, production and warehouse functions of the operations in Hong Kong	The Group is in the process of formulating the plan for improving such functions
• Purchase a software licence including finance, supply chains management and manufacturing modules for facilitating the purchasing, production and warehouse functions of the operations in the PRC	The Group is in the process of formulating the plan for improving such functions
• Integrate the information technology systems	The Group is in the process of formulating the plan for the integration
• Upgrade the information technology hardware such as servers, computers, printers and scanners	The Group has upgraded some of the information technology hardware and is in the process of upgrading other hardware, such as servers, printers and computers

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

USE OF PROCEEDS FROM THE LISTING

The net proceeds from the public offer were approximately HK$16.7 million, which was based on the final offer price of HK$0.4 after deducting commission and expenses borne by the Company in connection with the public offer. During the period from the Listing Date to 31 March 2018, approximately HK$3.2 million of the net proceeds was utilised in accordance with the proposed implementation plans as disclosed under the section headed "FUTURE PLANS AND USE OF PROCEEDS" in the Prospectus with details as follows:

	Actual net proceeds *HK$ million*	**Amount utilised up to 31 March 2018** *HK$ million*	**Balance as at 31 March 2018** *HK$ million*
Expand the Group's retail network	13.4	2	11.4
Strengthen the Group's brand awareness and reputation	0.5	0.5	–
Increase the Group's production capacity and product development capabilities	1.2	–	1.2
Strengthen the Group's operational efficiency	1.4	0.7	0.7
Working capital and other general corporate purposes	0.2	–	0.2
	16.7	3.2	13.5

The Group will use the remaining net proceeds from the public offering of the shares of the Company in accordance with the purposes stated in the Prospectus.

EXECUTIVE DIRECTORS

Mr. Yeung Man Sun ("Mr. Yeung"), aged 38, was appointed as an independent non-executive Director on 29 December 2017 and re-designated as an executive Director on 6 February 2018.

After the re-designation of his position from independent non-executive Director to executive Director, Mr. Yeung focus on matters relating to the overall internal control and corporate governance of the Group. Mr. Yeung obtained a bachelor degree in accountancy from the City University of Hong Kong and a master degree in corporate governance from the Hong Kong Polytechnic University. He is a member of the Hong Kong Institute of Certified Public Accountants, associate member of both the Institute of Chartered Secretaries and Administrators in the United Kingdom and The Hong Kong Institute of Chartered Secretaries. Mr. Yeung has over 12 years of experience in accounting, auditing and finance industry. Apart from his directorship with the Company, he was not a director in any listed companies for the last three preceding years.

Ms. Luk Mo Yan ("Ms. Luk"), aged 48, was appointed as an executive Director on 6 February 2018. Ms. Luk is also the head of human resources, administration and operation of the Group.

Ms. Luk joined the Group in May 2008 as a personal assistant in My Heart Lingerie Limited and was promoted to senior officer of human resources and administration in 2010. Ms. Luk is responsible for the human resources and administrative management of the Group. Ms. Luk has over 20 years of experience in retail and general business administration. Apart from her directorship with the Company, she was not a director in any listed companies for the last three preceding years.

Mr. Lam Ka Yuen ("Mr. Lam"), aged 36, was appointed as an executive Director on 29 December 2017 and he is also the executive director and general manager of a subsidiary of the Company. Mr. Lam is also the head of plant of the Group.

Mr. Lam joined the Group in October 2006 and was promoted to operation supervisor of warehouse and production of My Heart Factory Limited, an indirect wholly-owned subsidiary of the Company, since March 2012. Mr. Lam has about 10 years of experience in the lingerie production management and is responsible for overseeing and managing the operation of the production plants of the Group in the People's Republic of China and Hong Kong. Apart from his directorship with the Company, he was not a director in any listed companies for the last three preceding years.

Mr. Fok Wai Hung ("Mr. Fok"), aged 42, was appointed as an executive Director on 29 December 2017 and is a member of the remuneration committee and nomination committee of the Board. Mr. Fok is also the financial controller of the Group and a director of certain subsidiaries of the Company. Mr. Fok is responsible for the overall financial management and reporting and is responsible for the corporate secretarial matters of the Group. He joined the Group in December 2014 as finance manager of My Heart Lingerie Limited, an indirect wholly-owned subsidiary of the Company.

Mr. Fok has over 10 years of experience in auditing, accounting and financial management. Prior to joining the Group, Mr. Fok worked in various accounting firms and has served as finance manager of China Renji Medical Group Limited (currently known as China Wah Yan Healthcare Limited) (stock code: 648, the shares of which are listed on the main board of the Stock Exchange) from June 2011 to June 2013.

Mr. Fok obtained a bachelor's degree of commerce from the Hong Kong Shue Yan University in October 2009. He was admitted as a member of the Association of Chartered Certified Accountants in January 2016 and qualified as a certified public accountant of Hong Kong Institute of Certified Public Accountants in May 2017.

Apart from his directorships with the Group, he was not a director in any listed companies for the last three preceding years.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Lam Tat Fung ("Mr. TF Lam"), aged 37, was appointed as an independent non-executive Director on 29 December 2017 and is the chairman of each of the audit committee, remuneration committee and nomination committee of the Board.

Mr. TF Lam obtained a master of business administration from the University of Wales. He is a certified management accountant of the Institute of Certified Management Accountants of Australia, a fellow of the Institute of Public Accountants of Australia and a fellow of Institute of Financial Accountants of the United Kingdom. Mr. TF Lam has over 10 years of experience in marketing business and is currently a director of finance and administration of a company based in the United States of America that has a business of direct selling and distributing of natural products and cosmetics. Apart from his directorship with the Company, he was not a director in any listed companies for the last three preceding years.

Mr. Ong King Keung ("Mr. Ong"), aged 42, was appointed as an independent non-executive Director on 29 December 2017 and is a member of the audit committee of the Board.

Mr. Ong obtained a bachelor degree in accountancy from the Hong Kong Polytechnic University and a master degree in corporate finance from the City University of Hong Kong. He is a member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He is currently a director of a professional audit firm in Hong Kong. He has over 15 years of experience in auditing and accounting industry.

Mr. Ong is an independent non-executive director of China Water Affairs Group Limited (stock code: 855), Tech Pro Technology Development Limited (stock code: 3823) and Risecomm Group Holdings Limited (stock code: 1679) respectively, their respective shares of which are listed on the main board of the Stock Exchange. Mr. Ong is also an independent non-executive director of Bingo Group Holdings Limited (stock code: 8220), the shares of which are listed on the GEM. Mr. Ong had also been an independent non-executive director of Deson Construction International Holdings Limited (stock code: 8268), the shares of which are listed on the GEM, since December 2014 and has been subsequently re-designated as a non-executive director since December 2015. Mr. Ong was an independent non-executive director of Koala Financial Group Limited (formerly Sunrise (China) Technology Group Limited) (stock code: 8226) for the period from February 2017 to September 2017 and China Candy Holdings Limited (stock code: 8182) for the period from February 2016 to September 2017 respectively, the shares of which are listed on the GEM. Saved as disclosed above, he was not a director in any listed companies for the last three preceding years.

Mr. Cai Chun Fai ("Mr. Cai"), aged 36, was appointed as an independent non-executive Director on 6 February 2018 and is a member of each of the audit committee, remuneration committee and nomination committee of the Board.

Mr. Cai is the chief operation officer of Well Link Securities Limited, a licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**") to carry on the regulated activities of dealing in securities and dealing in futures contracts. Mr. Cai is also the company secretary and chief operation officer of Enriched Goldenroad Financial Holdings Limited (formerly known as Hui's Finance Group Holdings Limited), a company principally carries on the business of money lending through its subsidiary. Mr. Cai was the company secretary of China Fortune Financial Group Limited, a company listed on the main board of the Stock Exchange (stock code: 290) from February 2012 to April 2014. Mr. Cai holds the degree of Bachelor of Arts in Accountancy from the Hong Kong Polytechnic University. He is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Cai has over 10 years' experience in auditing, accounting and financial management. Mr. Cai is an independent non-executive Director of Royal Catering Group Holdings Company Limited (stock code: 8300) and was an independent non-executive director of Inno-Tech Holdings Limited (stock code: 8202) in February 2018, both the shares of which are listed on the GEM. Saved as disclosed above, he was not a director in any listed companies for the last three preceding years.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

The Board is committed to achieving high standards of corporate governance by emphasising transparency, independence, accountability, responsibility and fairness. The Board strives to ensure that effective self-regulatory practices exist to protect the interests of the Shareholders and to enhance long-term shareholders' value.

CORPORATE GOVERNANCE PRACTICES

As the Shares were initially listed on the GEM on the Listing Date, the Corporate Governance Code (the "**CG Code**") as contained in Appendix 15 to the GEM Listing Rules was not applicable to the Company for the period from 1 April 2017 to 12 July 2017, being the date immediately before the Listing Date.

The Company has adopted the principles of, and complied with, the applicable code provisions of the CG Code during the period from the Listing Date to 31 March 2018 (the "**Period**"), except for the deviation 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.

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.

BOARD OF DIRECTORS

The Board takes the responsibility to oversee all major matters of the Company, including but not limited to formulating and approving the overall strategies and business performance of the Company, monitoring the financial performance and internal control as well as overseeing the risk management system of the Company and monitoring the performance of senior executives. The Board is also responsible for performing the corporate governance duties including the development and reviewing the Company's policies and practices on corporate governance.

Directors have full access to all relevant information affecting the Group and may take independent professional advice, which will be paid by the Company as appropriate.

The Board has the responsibility for leadership and control of the Company. They are collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. The Board is accountable to the shareholders for the strategic development of the Group with the goal of maximising long-term shareholder value, while balancing broader stakeholder interests.

As at the date of this report, the Board is comprised of seven Directors including four executive Directors and three independent non-executive Directors. At least one-third of the Board are independent non-executive Directors and at least one of them has appropriate professional qualifications, or accounting or related financial management expertise. The Board members as at the date of this annual report are:

Executive Directors:
Mr. Fok Wai Hung
Mr. Lam Ka Yuen
Ms. Luk Mo Yan
Mr. Yeung Man Sun

Independent non-executive Directors:
Mr. Cai Chun Fai
Mr. Lam Tat Fung
Mr. Ong King Keung

NON-COMPLIANCE OF RULES 5.05(1) AND 5.28 OF THE GEM LISTING RULES

On 6 November 2017, following the resignation of Ms. Chow Ting Hei Haily Josephine, among others, a former independent non-executive Director, and a former member of the Audit Committee, the Company had only two independent non-executive Directors and two members for the Audit Committee. This constituted non-compliance with the requirement of minimum number of three independent non-executive directors and requirement of professional qualifications under Rules 5.05(1) and 5.28 of the GEM Listing Rules respectively.

Subsequently on 29 December 2017, among others, (i) Mr. Wong Tin King Richard and Mr. Li Fu Yeung resigned as independent non-executive Directors of the Company; (ii) each of Mr. Yeung Man Sun, Mr. Lam Tat Fung and Mr. Ong King Keung were appointed as an independent non-executive Director; (iii) Mr. Fok Wai Hung and Mr. Lam Ka Yuen were appointed as executive Directors; and (iv) Mr. Yeung Man Sun, who has the appropriate professional qualifications or accounting or related financial management expertise, was appointed as the chairman of the Audit Committee. Hence, the Board comprised three executive Directors and three independent non-executive Directors. The composition of the Board and the Audit Committee met with the requirements under Rules 5.05(1) and 5.28 of the GEM Listing Rules.

Details of the aforesaid non-compliance are disclosed in the announcements of the Company dated 6 November 2017 and 29 December 2017 respectively.

Biographical details of the Directors are set out in the section of "Directors and Senior Management" on pages 13 to 15 of this annual report.

There are no relationships (including financial, business, family or other material or relevant relationships) among members of the Board.

Directors' Training and Continuing Professional Development

Each newly appointed Director would receive a comprehensive induction package covering business operations, policy and procedures of the Company as well as the general, statutory and regulatory obligations of being a Director to ensure that he/she is sufficiently aware of his/her responsibilities under the GEM Listing Rules and other relevant regulatory requirements.

In compliance with the code provision A.6.5 of the Code, all Directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. During the Period, all Directors have participated in continuous professional development in the following manner:

Directors	Attended directors training session on the topics relating to Directors' responsibilities, corporate governance, insider dealing and continuing obligations; and Securities and Futures (Stock Market Listing) Rules and its implications conducted by Central China International Capital Limited	Reading materials relating to Listing Rules update
Executive Directors		
Fok Wai Hung	✓	
Lam Ka Yuen	✓	
Luk Mo Yan	*Note*	
Yeung Man Sun	✓	
Independent non-executive Directors		
Cai Chun Fai		✓
Lam Tat Fung	✓	
Ong King Keung	✓	

Note: Ms. Luk Mo Yan appointed as executive Director on 6 February 2018. Given the time constraint, Ms. Luk was unable to attend any continuing professional development programme on or before the financial year ended 31 March 2018. Ms. Luk attended directors' training session on the topics relating to directors' responsibilities and the GEM Listing Rules arranged by the Company in June 2018.

The Group also provides briefings and other training to develop and refresh the Directors' knowledge and skills, and update all Directors on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirement to ensure compliance and to enhance their awareness of good corporate governance practices.

Directors' Attendance at Board Meeting

The Board is responsible for the management of the Company. During the Period, the Board has scheduled regular meeting and additional board meetings were held as and when necessary. During the Period, the Board held twelve meetings and the attendance of each Director is set out as follows:

Name of Directors	Number of attendance	Number of meetings held during term of office
Executive Directors		
Chan Lin So Alan (resigned on 6 February 2018)	12	12
Yiu Koon Pong (ceased on 27 October 2017)	3	4
Fok Wai Hung (appointed on 29 December 2017)	4	4
Lam Ka Yuen (appointed on 29 December 2017)	4	4
Luk Mo Yan (appointed on 6 February 2018)	2	2
Yeung Man Sun (appointed as independent non-executive Director on 29 December 2017 and re-designated as executive Director on 6 February 2018)	4	4
Independent non-executive Directors		
Chow Ting Hei Haily Josephine (resigned on 6 November 2017)	3	4
Li Fu Yeung (resigned on 29 December 2017)	8	8
Wong Tin King Richard (resigned on 29 December 2017)	8	8
Cai Chun Fai (appointed on 6 February 2018)	2	2
Lam Tat Fung (appointed on 29 December 2017)	4	4
Ong King Keung (appointed on 29 December 2017)	4	4

General Meeting

During the Period, the Company did not hold any general meeting.

Independent non-executive Directors

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and considers that all three independent non-executive Directors as at the date of this report, namely, Mr. Cai Chun Fai, Mr. Lam Tat Fung and Mr. Ong King Keung are independent in accordance with the terms of the independence guidelines set out in Rule 5.09 of the GEM Listing Rules.

CHAIRMAN AND CHIEF EXECUTIVE

According to the code provision A.2.1 of the CG Code, the roles of the chairman and chief executive shall be separate and should not be performed by the same individual.

Save as disclosed in the section headed "Corporate Governance Practices", the Company (i) has not appointed chief executive officer ("**CEO**") following Mr. Yiu Koon Pong ceased to be a Director and CEO of the Company on 27 October 2017 and (ii) has not appointed chairman following the resignation of Mr. Chan Lin So Alan as Director and chairman of the Board on 6 February 2018. The roles and functions of the chairman and CEO have been performed by all the executive Directors collectively. The Board will keep reviewing the current structure of the Board from time to time and will appoint CEO and chairman if the Board considers appropriate and necessary.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the Directors has entered into a letter of appointment with the Company for an initial fixed term of one year commencing from their respective date of appointment unless terminated by at least one month's notice in writing served by either party on the other.

Save as disclosed aforesaid, none of the Directors has a service agreement or letter of appointment with the Company or any of its subsidiaries other than the agreements/letters of appointment expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director so appointed to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director so appointed as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not three or a multiple of three, then the number nearest to but not less than one-third shall be the number of retiring Directors. The Directors to retire in each year shall be those who have been in office longest since their last re-election or appointment but, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

BOARD COMMITTEES

The Board established three committees, namely the audit, remuneration and nomination committees, to oversee particular aspects of the Group's affairs. Each of the three committees has its specific terms of reference relating to authority and duties. The majority of members of the audit, remuneration and nomination committees are independent non-executive Directors.

The Board committees are provided with sufficient resources to perform their duties and, upon reasonable request, they are able to seek independent professional advice in appropriate circumstances at the Company's expense. The Board committees will report back to the Board on their decisions or recommendations.

The Board is responsible for performing the corporate governance duties set out in the CG Code which include developing and reviewing the Company's policies and practices on corporate governance, training and continuous professional development of Directors, and reviewing the Company's compliance with the code provision in the CG Code and disclosures in this report.

Audit Committee

The audit committee of the Board (the "**Audit Committee**") was established on 16 January 2017 with written terms of reference in compliance with Rule 5.29 of the GEM Listing Rules and paragraph C.3.3 of the Corporate Governance Code. The primary duties of the Audit Committee include, among others, (a) making recommendations to the Board on the appointment, re-appointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor; (b) reviewing the financial statements, the annual report and accounts, the half-year report and the quarterly report and significant financial reporting judgements contained therein; and (c) reviewing the financial controls, internal control and risk management systems. The Audit Committee comprises all three independent non-executive Directors, namely Mr. Cai Chun Fai, Mr. Lam Tat Fung and Mr. Ong King Keung. Mr. Lam Tat Fung is the chairman of the Audit Committee.

During the Period, the Audit Committee held three meetings and the work performed by the Audit Committee during the Period included (i) review the effectiveness of the internal control and risk management systems of the Company; (ii) consider and make recommendation to the Board for approval regarding the change of auditor (including the fees to be charged by the external auditor); (iii) review the unaudited quarterly results and interim results together with the respective reports of the Group in respect of the year ended 31 March 2018, with recommendation to the Board for approval; and (iv) review and approval of the internal audit report and the performance of the internal audit function.

The members of the Audit Committee during the Period and the attendance of each committee member are as follows:

Name of Directors	Number of attendance	Number of meetings held during term of office
Chow Ting Hei Haily Josephine (resigned on 6 November 2017)	1	1
Yeung Man Sun (appointed as independent non-executive Director on 29 December 2017 and re-designated as executive Director on 6 February 2018)	0	0
Li Fu Yeung (resigned on 29 December 2017)	2	2
Wong Tin King Richard (resigned on 29 December 2017)	2	2
Cai Chun Fai (appointed on 6 February 2018)	1	1
Lam Tat Fung (appointed on 29 December 2017)	1	1
Ong King Keung (appointed on 29 December 2017)	1	1

Subsequent to the year ended 31 March 2018, the Audit Committee reviewed the annual report and annual results announcement, as well as the effectiveness of the risk management and internal control systems of the Group for the year ended 31 March 2018. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 March 2018 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

Nomination Committee

The nomination committee of the Board (the "**Nomination Committee**") was established on 16 January 2017 with written terms of reference in compliance with paragraph A.5.2 of the CG Code. The primary duties of the Nomination Committee include, among others, (a) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to our Board to complement the corporate strategy; (b) identifying individuals suitably qualified to become members of the Board and selecting or making recommendations to the Board on the selection of individuals nominated for directorships; (c) assessing the independence of the independent non-executive Directors; and (d) making recommendations to the Board on the appointment and succession planning for the Directors. The Nomination committee comprises two independent non-executive Directors, namely Mr. Cai Chun Fai and Mr. Lam Tat Fung, and one executive Director, namely Mr. Fok Wai Hung. Mr. Lam Tat Fung is the chairman of the Nomination Committee.

During the Period, the Nomination Committee held two meetings and the work performed by the Nomination Committee during the Period included make recommendation to the Board for approval the appointment of directors after consideration of a range of diversity perspectives.

The members of the Nomination Committee during the Period and the attendance of each committee member are as follows:

Name of Directors	Number of attendance	Number of meetings held during term of office
Chow Ting Hei Haily Josephine (resigned on 6 November 2017)	0	0
Yeung Man Sun (appointed as independent non-executive Director on 29 December 2017 and re-designated as executive Director on 6 February 2018)	1	1
Li Fu Yeung (resigned on 29 December 2017)	1	1
Wong Tin King Richard (resigned on 29 December 2017)	1	1
Cai Chun Fai (appointed on 6 February 2018)	0	0
Lam Tat Fung (appointed on 29 December 2017)	1	1
Chan Lin So Alan (ceased to be a member of Nomination Committee on 29 December 2017 and resigned as executive Director on 6 February 2018)	1	1
Fok Wai Hung (appointed on 29 December 2017)	1	1

Remuneration Committee

The remuneration committee of the Board (the "**Remuneration Committee**") was established on 16 January 2017 with written terms of reference in compliance with Rule 5.35 of the GEM Listing Rules and paragraph B.1.2 of the CG Code. The primary duties of our remuneration committee, under the principle that no Director or any of his associates should be involved in deciding his own remuneration include, among others, making recommendations to the Board on (a) the remuneration policy and structure for all of the Directors and senior management; (b) the establishment of a formal and transparent procedure for developing remuneration policies; (c) the remuneration packages of the executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their offices or appointments; and (d) the remuneration of the non-executive Directors. The Remuneration committee comprises two independent non-executive Directors, namely Mr. Cai Chun Fai and Mr. Lam Tat Fung, and one executive Director, namely Mr. Fok Wai Hung. Mr. Lam Tat Fung is the chairman of the Remuneration Committee.

During the Period, the Remuneration Committee held three meetings and the work performed by the Remuneration Committee during the Period included review and make recommendation to the Board for approval the remuneration for the directors being appointed during the Period and the grant of bonus to the staffs of the Group.

The members of the Remuneration Committee during the Period and the attendance of each committee member are as follows:

Name of Directors	Number of attendance	Number of meetings held during term of office
Chow Ting Hei Haily Josephine (resigned on 6 November 2017)	0	0
Yeung Man Sun (appointed as independent non-executive Director on 29 December 2017 and re-designated as executive Director on 6 February 2018)	1	1
Li Fu Yeung (resigned on 29 December 2017)	1	1
Wong Tin King Richard (resigned on 29 December 2017)	1	1
Cai Chun Fai (appointed on 6 February 2018)	1	1
Lam Tat Fung (appointed on 29 December 2017)	2	2
Fok Wai Hung (appointed on 29 December 2017)	2	2
Chan Lin So Alan (ceased to be a member of Remuneration Committee on 29 December 2017 and resigned as executive Director on 6 February 2018)	1	1

Details of the emolument of each directors are set out in notes 13 and 14 to the consolidated financial statements.

BOARD DIVERSITY

The Company adopted a board diversity policy and discussed all measurable objectives set for implementing the same.

The Company recognises and embraces the benefits of a diversity of Board members. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the business requirements and development plan of the Group. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, language, cultural and educational background, industry experience and professional experience.

RISK MANAGEMENT AND INTERNAL CONTROL

The Company recognises the need for risk management and internal control in the strategic and operational planning, day-to-day management and decision making process and are committed to managing and minimising risks that may impact the continued efficiency and effectiveness of the operations or prevent it from achieving its business objectives.

The risk management process includes identifying and analysing the risks associated with their respective function, preparing risk mitigation plans, measuring effectiveness of such risk mitigation plans and reporting status of risk management.

The Company has engaged World Link Corporate Finance Limited (the "**IC**") as its internal control consultant in February 2018 to conduct a review on the internal control systems and procedures of the Group and to make recommendations accordingly. Details of the scope of such review, the recommendations made by IC together with the status of the implementation of the recommendations by the IC are set out in the announcement of the Company dated 20 April 2018 (the "**IC Review Announcement**").

Save as set out in the IC Review Announcement, the Audit Committee and the Board considered the risk management and internal control systems to be generally effective and adequate during the Period. The Audit Committee and the Board will continue to monitor such systems and to ensure its effectiveness and adequacy with reference to the available resources, staff qualifications and experience, training programs and budget of the accounting, internal audit and financial reporting functions.

AUDITOR'S REMUNERATION

During the year ended 31 March 2018, the fees paid to the Company's auditor, World Link CPA Limited and its network firm in respect of audit and non-audit services provided to the Group are as follows:

	HK$'000
Audit Services	680
Non-audit services	620

Non-audit services include (i) tax compliance service; (ii) investigation of internal control policies and procedures; (iii) risk assessment and internal control review; and (iv) environmental, social and governance reporting.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group. The Board having made appropriate enquiries and examined major areas which could give rise to significant financial exposures, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

The Board also acknowledges its responsibility to ensure that the Group keeps accounting records which disclose in the annual, half-yearly and quarterly reports in accordance with the Hong Kong Financial Reporting Standards; and other inside information announcements and other financial disclosures required under the GEM Listing Rules, and reports to the regulators as well as to information required to be disclosed pursuant to statutory requirements.

AUDITOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The statement of external auditor of the Company, World Link CPA Limited, regarding their reporting responsibilities on the consolidated financial statements of the Group is set out in the section headed "Independent Auditor's Report" in this annual report.

COMPANY SECRETARY

Mr. Fok, has been appointed as the company secretary of the Company since May 2016 (the "**Company Secretary**"). All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that the Board procedures are followed, advising the Board on all corporate governance matters, and arranging induction programs including briefings on the general and specific duties of directors under legal and regulatory requirements for newly appointed directors. The Company Secretary facilitates the induction and professional development of directors.

During the Period, Mr. Fok has received no less than 15 hours of relevant professional training to refresh his skills and knowledge. Mr. Fok resigned from the position of the Company Secretary on 1 June 2018.

COMPLIANCE OFFICER

Mr. Yeung Man Sun, executive Director, was appointed compliance officer of the Company on 6 February 2018. Please refer to the section headed "Directors and Senior Management" of this annual report for the biographical details of Mr. Yeung.

SHAREHOLDERS' RIGHTS

Shareholders' Rights to convene a general meeting and put forward proposals at general meetings

Extraordinary general meetings shall also be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedure for directing Shareholders' enquiries to the Board

Shareholders may at any time send their enquires and concerns to the Board in writing through the Company Secretary at the Company's principal place of business in Hong Kong or send comments/suggestion to Boardroom Share Registrars (HK) Limited at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong. Shareholders may also make enquiries with the Board at the general meeting of the Company.

CONSTITUTIONAL DOCUMENTS

Except for the adoption of amended and restated memorandum and articles of association of the Company to comply with the applicable legal and regulatory requirements (including the GEM Listing Rules) on 16 January 2017 in anticipation of the Listing, there were no changes in the constitutional documents of the Company during the Period. The Constitution is available on the respective websites of the Stock Exchange and the Company.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1 BACKGROUND

The Group is principally engaged in designing, developing, manufacturing and selling its own branded lingerie. The Group principally offers lingerie that are designed with shaping functions which aim to achieve better body appearance, including bras, body shaping underwear and chest support vests. The Group also sells other complementary and ancillary products, primarily including breast cream, panties, nude bras, swimwear, bra straps and pads, and waist bands.

During the year, the Group had two factories located in Hong Kong and Shenzhen, the PRC.

This report covers the Group's overall performance in two subject areas, namely, Environmental and Social of the business operations in Hong Kong and Shenzhen, the PRC for the period from 1 April 2017 to 31 March 2018 (the "Year under Review" or "2018"), unless otherwise stated.

2 FOREWORD

The Group primarily adopts the principles and basis of the ESG Reporting Guide ("ESG Guide") as set out in Appendix 20 to the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rule") of The Stock Exchange of Hong Kong Limited, with an aim to establish a sound environment, social and governance structure.

This report comprises the review of environment, social and governance areas, which sets out the Company and its major subsidiaries' policies and practices in respect of three environmental aspects and eight social aspects in accordance with ESG Guide for the Year under Review. This report is designed to allow the Company's stakeholders, such as shareholders, investors, customers, suppliers, employees, creditors, regulators and the general public to have comprehensive understanding of the long-term sustainability information of the Group. The Group seeks to balance the views and interests of these stakeholders through constructive conversation with a view to setting the course for long-term prosperity. The Board is responsible for evaluating and determining the environmental, social and governance risks of the Group, and ensuring that relevant policy and control are in place and operate effectively.

The table underneath shows aspects on the ESG Guide to be assessed and those ESG issues are determined to be material to the Group.

ESG Aspects as set forth in ESG Guide		Material ESG issues to the Group
(A)	Environmental	
A1	Emissions	Electricity consumption
A2	Use of Resources	Use of energy and paper
A3	Environment and Natural Resources	
(B)	Social	
B1	Employment and Labour Practices	Labour practices
B2	Health and Safety	Workplace health and safety
B3	Development and Training	Employee development and training
B4	Labour Standards	Anti-child and forced labour
B5	Supply Chain Management	Supply chain management
B6	Product Responsibility	Product responsibility
B7	Anti-corruption	Anti-corruption, fraud prevention and anti-money laundering
B8	Community Involvement	Community programs, employee volunteering and donation

A. Environmental

Environmental protection is one of the core values of the Group. The Group's products are designed to be safe and environmentally friendly for customer use, meaning recyclable and safe-to-dispose materials are specified in its designs, and clean production processes are adopted in its manufacturing process. Moreover, unnecessary packaging that can cause harm to environment is not introduced into its products.

In the operation of the Group's business, it has formulated a set of policies to enhance the efficiency of energy and resources utilisation, and to achieve the objectives of environmental protection and sustainable development. During the course of its operation, the Group has strictly complied with the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), and other relevant environmental protection laws and regulations. In addition, the Group has been dedicated to fulfilling its commitments in environmental protection in accordance with relevant policies and requirements.

The Group considers environmental protection an essential component of sustainable and responsible business. The Group strives to minimise negative impacts on the environment and to seek environmentally friendly methods of operation. Given the nature of the Group's business, electricity is the most significant resource consumed in the Group's factories and office in both Hong Kong and Shenzhen, the PRC.

The Group has narrowed down to the following key areas where it should exert the effort on:

- Usage of resources from the operations;
- Energy consumption; and
- Indoor environmental quality.

The Current Environmental Policies

The Group's main task is to measure and report the efforts in reducing carbon footprints, promoting waste reduction at source, enhancing its waste disposal management and setting targets on environmental performance. To minimise the environmental impacts concerning the activities, products and services, the Group will:

- Comply with applicable legal requirements and other requirements which relate to the Group's environmental aspects, and to which the Group subscribes;

- Prevent pollution, reduce waste and minimise the consumption of resources from all daily operations and actively promote recycle, reuse and replace;

- Educate, train and motivate employees to develop a social viewpoint that enables them to conduct business activities in an environmentally responsible manner.

A1.1. Emissions Data from Gaseous Fuel Consumption

The design procedure and assemble process are major functions of the Group's Hong Kong and Shenzhen operations. Therefore, the key environmental impacts from the Group's operations are energy and paper consumption. To achieve environmental protection, the Group encourages employees to increase the use of e-statement or scanning rather than traditional photocopying to reduce the use of paper and greenhouse gas emissions; to switch off all computers and office equipment such as lighting and air-conditioner at the end of each working day.

The Group's PRC factory ensures its products are produced efficiently in an energy-wise manner. The Group's PRC factory has integrated environmental objectives into business decisions in a cost-effective manner. It has also required all staff to assume environmental responsibilities in normal operating procedures and has enhanced the awareness of environmental and resource efficiency issues amongst customers, staff and stakeholders. All important green and quality assurance policies have been posted on the notice board and stated in the standard operating procedures of the Group's manufacturing plant.

(a) Emissions data from gaseous fuel consumption

(i) For electricity:

	Key performance indicator ("KPI") 2018	Unit
NO_x	47,866	Tonnes/million MJ of gas
SO_x	239	Tonnes/million MJ of gas
Total	**48,105**	**Tonnes/million MJ of gas**

(b) the Company had various motor vehicles during the Year under Review, the emissions data applied to the Group's motor vehicles are set out below:

	KPI 2018	Unit
NO_x	1,387	g
SO_x	746	g
PM	126	g
Total	**2,259**	**g**

A1.2. Greenhouse Gas Emission

	KPI 2018	Unit
Scope 1: Direct Emission	574	Tonnes
Scope 2: Indirect Emission	140	Tonnes
Scope 3: Other indirect Emission	–	Tonnes
Total	**714**	**Tonnes**

During the year, there were 714 tonnes of carbon dioxide equivalent greenhouse gases (mainly carbon dioxide, methane and nitrous oxide) emitted from the Group's operation.

The total gross floor area coverage of the Group was 2,954 m^2 in 2018. The annual emission intensity was 0.2 tonnes CO2e/m^2.

Compliance with relevant laws and regulations:

The Group is not aware of any material non-compliance with the relevant laws and regulations that have a significant impact relating to air and greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous waste of the Group during the year. In addition, no significant fine or non-monetary sanction for non-compliance with relevant laws and regulations had been reported in the 2018.

A1.3 Non-hazardous Waste

The Group generates no hazardous waste in its operation. However, there were non-hazardous waste arisen from the use of electricity under the Group's operation but the management of the Group believed that these non-hazardous wastes are insignificant wastes.

A2.1 Use of resource

The Group has adopted proactive measures in reducing the energy and resources consumption and vigorously promoting the philosophy of energy-saving and emission-reducing. The Group has specifically formulated a Policy of Energy Saving, aiming to conduct research and statistical works in respect of its energy consumption in a scientific way and ensure a reasonable usage of its resources.

For the Group's Hong Kong operation, the Group has been encouraging its employees to establish energy-saving habits in the office, such as switching off lights and electronic appliances before leaving the office, as well as setting indoor temperature at 25.5°C.

A3 Environmental and Natural Resources

The Group has established a series of policies, mechanisms and measures on environmental protection and natural resources conservation to enhance its efficiency in the usage of energy, water and materials. The Group also complies with relevant local environmental regulations and international general practices, with an aim to reduce the use of natural resources and protect the environment.

There was no non-compliance case noted in relation to environmental laws and regulations during the year.

B. Social

Being a responsible business and employer, the Group is committed to consistently looking for ways to meet the corporate social responsibilities. The Group focuses on its staff, environment and community as well as its business partners.

B1. Employment and Labour Practices

The Group places a significant emphasis on developing human capital and providing competitive remuneration and welfare packages. Promotion opportunities and salary adjustments are benchmarked against individual performance. Employees are entitled to benefits such as annual leave, sick leave, maternity leave, marriage leave, funeral leave and medical coverage in accordance with local regulations.

The Group emphasises on equal opportunities for all personnel in respect of hiring, pay rates, training and development, promotion and other terms of employment. The Group is committed to providing a work environment free from any form of discrimination on the basis of ethnicity, gender, religion, age, disability or sexual orientation.

The Group has a wide diversity of cultures including employees with different genders, ages, skills, educational backgrounds, industry experiences and other qualifications in order to achieve the most suitable composition and balance.

The Group's remuneration package is structured with reference to individual performance, working experience and prevailing salary levels in the market. In addition to basic salaries and mandatory provident fund for the Group's Hong Kong employees, fringe benefits include a basic five-day working week, flexible leave arrangement, medical coverage scheme and annual dinner.

The employee handbook of the Group's PRC subsidiaries had been developed in accordance with the Labour Law of the PRC and has been distributed to all employees since joining the Company. The remuneration policies are determined on the basis of performance, qualification and experience of individual employee. The remuneration generally includes salaries and allowances.

During the year, the Group's PRC subsidiaries had subscribed to those basic pension insurance, basic medical insurance, unemployment insurance, occupational injury insurance, maternity insurance as prescribed by the Social Insurance Law of the PRC, as well as housing fund schemes as prescribed by the Regulations on the Administration of Housing Fund.

Employees' wages, overtime payments and related benefits are made no less than the local government's minimum requirements. The normal working hours for general employees are 8 hours a day and 40 hours a week. Integrated computation of working hours is implemented with reference to the requirements of the Labour Law of the PRC.

Staff Composition

As at 31 March 2018, the Group employed a total of 157 staff, including operational office, sales and marketing, and back office division. All staff members are allocated in Hong Kong and the PRC.

(a) Employee' s Age and Gender Distribution

	2018	
	Male	**Female**
Age Group		
0–15	0%	0%
16–18	0%	0%
19–60	27%	73%
= 61/>61	0%	0%
Total	27%	73%

(b) Employee' s Geographical location and Gender Distribution

	2018	
	Male	**Female**
Geographical location		
Hong Kong	14%	34%
The PRC	13%	39%
Total	27%	73%

The Group will continue to provide a well-structured and caring environment to employees to raise their sense of belonging and work efficiency in the Group.

The Group is not aware of any material non-compliance with relevant laws and regulations that have a significant impact relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare on the Group during the year. In addition, no non-compliance with relevant laws and regulations that results in significant fines or sanctions had been reported during the year.

B2 *Employee Health and Safety*

The Group adopts non-discriminatory employment practices and provides a healthy and safe workplace. The Group seeks to attract and retain talented employees through providing a healthy and safe workplace for each and every employee in line with established internal guidelines and systems.

For the Group's Hong Kong employees, the Group provides its employee with flexible rest leave arrangement, medical and hospital scheme. The Group understands that a good working environment for its employees with a safe and comfortable working condition is very important. The Group has set a clear guideline of work arrangement for typhoon and rainstorm warning.

Smoking is prohibited in factory areas. First aid exercises are regularly performed. Regular fire prevention talks and fire-fighting drills are organised at least annually to improve employees' capability to deal with potential fire hazards.

Occupational Health and Safety Data
The information of work accidents are set out below:

	2018	
	Male	**Female**
Health and Safety		
Number of work-related fatalities	0%	0%
Lost days due to work injury	0%	0%

During the year, the Group had no non-compliance case regarding violation of relevant laws and regulations on occupational health and safety.

B3 *Development and Training*

The Group is committed to providing on-the-job education and training to its employees in order to enhance their knowledge and skills. All employees are encouraged to enhance their skills and knowledge at every opportunity in order to perform their current job more efficiently and effectively and to be better prepared for career opportunities which may arise. During the year, regular training courses were provided to employees including but not limited to orientation training, technical training and quality training.

Performance evaluations are initiated annually. In order to recognise the value in the skill and experience of the Group's employees, the Group has adopted a policy that any promotions will be considered internally first before hiring any outside staff. It is the Group's policy to select the most suitable candidate for appointment to a higher rank based on merit, rather than on the seniority of the candidates.

B4 Labour Standard

The Group fully understands that the exploitation of child and forced labour are universally prohibited, and therefore takes the responsibility against child and forced labour very seriously. The Group strictly complies with all laws and regulations against child labour in the Group's PRC factory situated in Shenzhen, the PRC.

For entry registration, all employees must present valid documents to the Company as follows: (i) identity card and vocational qualification certificate; (ii) social security card; (iii) medical or health certificate; (iv) recent photos; and (v) other relevant information and documents required by the Company. The above procedures can ensure no child labour will be employed in manufacturing plant.

All employees of the PRC subsidiaries are entitled to have sick leave, injury leave and maternity leave with medical proof in accordance with the Labour Law of PRC and Law of the PRC on the Protection of Labour Rights and Interests and other applicable regulations. In addition, all employees work normally 8 hours daily and are not encouraged to work overtime. However, if overtime work is required, relevant employees and supervisor will agree mutually in written form. Overtime work is compensated in accordance with the provisions of the Labour Law of PRC.

During the year, the Group had no non-compliance case regarding violation of relevant child labour and forced labour laws.

B5 Supply Chain Management

The Group has the greatest respect for the laws and regulations that govern its business. The Group always adheres to international best practices and conducts fair and unbiased procurement processes when dealing with suppliers.

The Group adheres to the principle of transparency and implements the value of honesty, integrity and fairness in its supply chain management. The Group's procurement procedures provide directions and guidelines on evaluation and engagement when dealing with suppliers of goods and services to ensure business is conducted with legally, financially and technically-sound entities. In addition, approval procedures are in place to ensure that supplier engagements are monitored and approved by the appropriate level of management.

B6 Product Responsibility

A high priority for the Group is to ensure customer satisfaction in terms of the products and services. Strenuous efforts are made to ensure compliance with the relevant laws and regulations relating to product health and safety, advertising, labelling and privacy matters of the jurisdictions in which the Group operates. The Group requires its employees to comply with applicable governmental and regulatory laws, rules, codes and regulations.

During the year, the Group did not have any recalled products and did not receive any complaint from its customers in relation to either its quality of services or products. The Group had no non-compliance case regarding violations of relevant laws and regulations on product responsibility and data privacy.

B7 Anti-corruption

Corruption, bribery or fraud in any form is strictly prohibited. The Group's anti-corruption policies set out standards of conduct to which all employees are required to adhere in order to promote an environment of integrity in the workplace.

To combat corruption and to govern conflicts of interest, unless with the Group's approval, Directors and employees are prohibited from accepting any valuable items from co-workers, customers, suppliers or other stakeholders. Unless with approval, the Board and the senior management members are also prohibited from engaging in any activities that involve a potential conflict of interest with the Group or may do harm to the Group's overall interests. Breaches are subject to disciplinary actions, including termination of employment contracts where necessary.

Various policies have also been formulated to accord with the Securities and Futures Commission's Guideline on Anti-Money Laundering and Counter-Terrorist Financing, including the basic procedures for customer identification and due diligence, suspicious transactions report and recordkeeping. Ongoing staff training has also been carried out to ensure each of the employees is fully aware of these policies.

In the Year under Review, there was no legal case concerning corruption brought against the Group or employees.

B8 Community Involvement

The focuses of the Group's community investment are education, social welfare and environmental protection. The management believes that it can act effectively to help alleviate social problems and respond positively to charitable programmes and volunteering services.

During the year, The Group joined and donated to "Medecins Sans Frontieres" programmes which were organised by The Medecins Sans Frontieres (HK) Limited.

The Directors hereby present this report and the audited consolidated financial statements of the Group for the year ended 31 March 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The major activities of its principal subsidiaries are set out in note 36 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

Save as disclosed in this annual report or in the announcement(s) issued by the Company, as the Board is aware, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that has a significant impact on the business and operation of the Group during the year.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2018 are set out in the consolidated statement of profit or loss and other comprehensive income on page 52 of this annual report.

The Board does not recommend the payment of dividend for the year ended 31 March 2018. Details are set out in note 15 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements during the year in the property, plant and equipment of the Group are set out in note 17 to the consolidated financial statements.

BUSINESS REVIEW

For business review of the Group for the year, please refer to "Management Discussion and Analysis" section of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

As a responsible corporate citizen, the Company recognized its responsibility to protect the environment from its business activities. The Group has endeavoured to comply with applicable laws and regulations regarding environmental protection and adopted effective environmental practices to ensure the business of the Group meet the required standards and ethics in respect of environmental protection.

PRINCIPAL RISKS AND UNCERTAINTIES

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

For principal risk of the Group for the year, please refer to note 6 to the consolidated financial statements.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the latest four financial years is set out on pages 103 to 104 of this annual report.

SHARE CAPITAL

Details of the movements in the Company's share capital during the year are set out in note 28 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands which would oblige the Company to offer its new shares on a pro-rata basis to existing Shareholders.

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 since the Listing Date and up to the date of this report.

RESERVES

Details of the movements in the reserves of the Company and the Group during the year are set out in note 30(b) to the consolidated financial statements and in the consolidated statement of changes in equity on page 55 of this annual report respectively.

DISTRIBUTABLE RESERVES

The Company's reserve available for distribution as at 31 March 2018 was approximately HK$9,952,000.

DONATIONS

During the years ended 31 March 2018 and 2017, charitable and other donations made by the Group were less than HK$10,000.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group has no major customers due to the nature of the principal activities of the Group.

The Group's largest and five largest suppliers' aggregate amount represented approximately 9.7% (2017: approximately 11.7%) and 29.4% (2017: approximately 42.7%) of the Group's total purchases respectively.

To the best knowledge of the Directors, none of the Directors nor any of their close associates (as defined in the GEM Listing Rules) nor any Shareholders who or which own more than 5% of the Company's issued share capital had any beneficial interest in any of the Group's five largest suppliers during the year.

DIRECTORS

The Directors during the year and up to the date of this annual report were as follows:

Executive Directors

Mr. Yeung Man Sun	(appointed as independent non-executive Director on 29 December 2017 and re-designated as executive Director on 6 February 2018)
Mr. Fok Wai Hung	(appointed on 29 December 2017)
Mr. Lam Ka Yuen	(appointed on 29 December 2017)
Ms. Luk Mo Yan	(appointed on 6 February 2018)
Mr. Chan Lin So Alan *(Chairman)*	(resigned as Chairman and executive Director on 6 February 2018)
Mr. Yiu Koon Pong *(Chief Executive Officer)*	(ceased to be Director on 27 October 2017)

Independent non-executive Directors

Mr. Lam Tat Fung	(appointed on 29 December 2017)
Mr. Ong King Keung	(appointed on 29 December 2017)
Mr. Cai Chun Fai	(appointed on 6 February 2018)
Mr. Yeung Man Sun	(appointed as independent non-executive Director on 29 December 2017 and re-designated as executive Director on 6 February 2018)
Mr. Wong Tin King Richard	(resigned on 29 December 2017)
Mr. Li Fu Yeung	(resigned on 29 December 2017)
Ms. Chow Ting Hei Haily Josephine	(resigned on 6 November 2017)

In respect of the resignation of Ms. Chow Ting Hei Haily Josephine, Ms. Chow indicated that she has disagreement with the Board. Details of which are set out in the announcement of the Company dated 6 November 2017.

Pursuant to article 112 of the articles of association of the Company adopted on 16 January 2017 (the "**Articles**"), the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition Director but so that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the Shareholders in general meeting. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Any Director appointed under such article shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

Pursuant to article 108(a) of the Articles, notwithstanding any other provisions in the Articles, at each Annual general meeting, one-third of the Directors for the time being (or, if their number is not three or a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

In accordance with article 112 of the Articles, Mr. Fok Wai Hung, Mr. Lam Ka Yuen, Mr. Yeung Man Sun, Ms. Luk Mo Yan, Mr. Lam Tat Fung, Mr. Ong King Keung and Mr. Cai Chun Fai shall retire from office at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election.

BIOGRAPHICAL DETAILS OF DIRECTORS

The biographical details of the Directors are disclosed in the section headed “Directors and Senior Management” of this annual report.

DIRECTORS’ SERVICE CONTRACTS

Each of the Directors has entered into a letter of appointment with the Company for an initial term of one year with effect from their respective date of appointment. Either party has the right to give not less than one month’s written notice to terminate the service agreement.

Save as disclosed above, none of the Directors has proposed or entered into any service agreement or appointment letter with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation other than the statutory compensation.

CONFIRMATION OF INDEPENDENCY OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors a confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and considers all the independent non-executive Directors to be independent.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the Articles, the Directors shall be entitled to be indemnified out of the assets or profits of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto.

The Company has arranged appropriate directors’ and officers’ liability insurance coverage for the Directors and officers of the Company.

CORPORATE GOVERNANCE

Save as disclosed in this annual report, the Company had complied with all the applicable code provisions as set out in the CG Code during the Period.

Details of the principal corporate governance practices of the Group are set out in the section headed "Corporate Governance Report" on pages 16 to 26 of this annual report.

EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals are set out in notes 13 and 14 to the consolidated financial statements.

EMOLUMENT POLICY

The executive Directors, the independent non-executive Directors and senior management receive compensation in the form of directors' fees, salaries, benefits in kind and/or discretionary bonuses with reference to those paid by comparable companies, time commitment and performance of the Group. The Group also reimburses the Directors and senior management for expenses which are necessarily and reasonably incurred for provision of services to the Group or executing their functions in relation to the Group's operations. The Group regularly reviews and determines the remuneration and compensation packages of the Directors and senior management by reference to, among other things, market level of remuneration and compensation paid by comparable companies, respective responsibilities of the Directors and performance of the Group.

After the Listing, the Remuneration Committee reviews and determines the remuneration and compensation packages of the Directors with reference to their experience, responsibilities, workload, time devoted to the Group and performance of the Group. The Directors may also be offered options under the share option scheme.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 March 2018, 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.

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 31 March 2018, the following persons (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 Group Limited	Beneficial owner *(Note)*	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. Both Mr. Chan Lin So Alan and Mr. Yiu Koon Pong are former directors of the Company and ceased to be/resigned as Directors during the Period. Mr. Chan Lin So Alan is a consultant of the Company as at 31 March 2018 and up to the date of this annual report.

Save as disclosed above, as at 31 March 2018, 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.

EQUITY-LINKED AGREEMENTS

Save for the share option scheme as set out below, no equity-linked agreements were entered into by our Group, or existed during the year ended 31 March 2018.

SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme (the "**Share Option Scheme**") on 19 June 2017 for the purpose of providing incentives or rewards to participants for their contribution to our Group and/or to enable our Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any invested entity.

Under the Share Option Scheme, the Board may grant options to eligible persons. Eligible persons of the Share Option Scheme include, among others, any employee (whether full-time or part-time employee), director (including non-executive director and independent non-executive director), supplier, customer, adviser (professional or otherwise), shareholder of any member of the Group (the "**Participants**").

The total number of shares in respect of which options may be granted under the Share Option Scheme and other schemes must not, in aggregate, exceed 10% of the Shares in issue on the Listing Date. The Company may refresh the 10% limit by seeking prior approval from the Shareholders in a general meeting, provided that the total number of Shares which may be issued upon exercise of all options and any other share option schemes of the Company, in aggregate, must not exceed 10% of the total number of Shares in issue as at the date of such Shareholders' approval of the refreshed limit.

No Participant shall be granted options which if exercised in full would result in the total number of Shares already issued under all the options granted to him which have been exercised and issuable under all the options granted to him which are for the time being subsisting and unexercised in any 12-month period would exceed 1% of the total number of Shares in issue, provided that if approved by Shareholders in general meeting with such Participant and his close associates (or his associates if such Participant is a connected person) abstaining from voting, our Company may make further grant of options to such Participant (the "**Further Grant**") notwithstanding that the Further Grant would result in the total number of Shares already issued under all the options granted to such Participant which have been exercised and issuable under all the options granted to him which are for the time being subsisting and unexercised in any 12-month period exceed 1% of the total number of Shares in issue.

If a grant of option to a substantial Shareholder or an independent non-executive Director or their respective associates will result in the Shares issued and to be issued upon exercise of all options granted and to be granted (whether exercised, cancelled or and outstanding) to such person in the 12-month period up to and including the date of such grant: (i) representing in aggregate over 0.1% of the relevant class of Shares in issue; and (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK$5.0 million, then the proposed grant of options must be approved by the Shareholders in a general meeting.

Options may be exercised at any time during a period as the Directors may determine which shall not exceed ten years from the date of grant. The subscription price is determined by the Board in its absolution discretion at the time of the grant of the relevant option buy in any case the relevant subscription price shall not be less than the highest of (i) the closing price of the Shares as stated in the daily quotation sheet of the Stock Exchange on the date of grant of the option, which must be a trading day; (ii) the average closing price of the Shares as stated in the daily quotations sheets of the Stock Exchange for the five trading days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share.

The Share Option Scheme will remain in force for a period of ten years commencing on 19 June 2017, the adoption date and ending on the tenth anniversary of the adoption date (both dates inclusive) or unless terminated earlier by the Shareholders in general meeting.

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in note 34 to the consolidated financial statements, neither Director nor a connected entity of a Director had any material interest, either directly or indirectly, in any transactions, arrangements or contract of significance to the business of the Group, to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed under the sections "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" and "Share Option Scheme" at no time during the year ended 31 March 2018 was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executives of the Company or their respective associates (as defined in the GEM Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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 year ended 31 March 2018.

DEED OF NON-COMPETITION

On 19 June 2017, Global Succeed Group Limited, Mr. Yiu Koon Pong and Mr. Chan Lin So Alan (the "**Controlling Shareholders**") entered into the deed of non-competition in favour of the Company (for itself and each of the subsidiaries of the Company). Pursuant to which each of the Controlling Shareholders, irrevocably and unconditionally, jointly and severally, undertakes to and covenants to the Company (for itself and as trustee for other members of the Group), among others, that from the Listing Date, each of the Controlling Shareholders shall not, and shall procure each of his/its close associates (other than the Group) not to, whether on his/its own account or in conjunction with or on behalf of any person, firm or company and whether directly or indirectly (other than through the Group), whether as a shareholder, director, employee, partner, agent, or otherwise (other than being a director of shareholder of the Group or members of the Group), carry on or be engaged in, directly or indirectly, a business which is, or be interested or involved or engaged in or acquire or hold any rights or interest (save for the holding in aggregate by the Controlling Shareholders and their close associates of not more than 5% shareholding interest in any company listed on the Stock Exchange or any other stock exchange) or otherwise involved in (in each case whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) any business which competes or may in any aspect compete directly or indirectly with the business or which is similar to the business currently and may from time to time engaged by the Group. Please refer to the section "Relationship with Controlling Shareholders — Deed of Non-competition" in the Prospectus.

To the best information and knowledge of the Directors, each Controlling Shareholders has complied with the aforesaid undertaking from the Listing Date up to 31 March 2018. The independent non-executive Directors, based on the information available to them, considered the aforesaid undertakings have been complied with.

INTERESTS 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 resigned on 21 November 2017 and Central China International Capital Limited ("**CCIC**") was appointed as compliance adviser of the Company on the same date. CCIC, has declared its independence of the Company. 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 Group 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.

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the year are set out in note 34 to the consolidated financial statements.

CONTINUING CONNECTED TRANSACTIONS

Save as disclosed in note 34 to the consolidated financial statements, the Group has not entered into other connected transaction or continuing connected transaction during the year which should be disclosed pursuant to the requirements under the GEM Listing Rules.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any part of the business of the Company were entered into or existed during the year ended 31 March 2018.

EVENTS AFTER THE REPORTING PERIOD

There is no other significant event after the reporting period of the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained a sufficient public float throughout the period from the Listing Date to 31 March 2018 as required under the GEM Listing Rules.

AUDITOR

Deloitte Touche Tohmatsu resigned as auditor of the Company on 30 April 2018 and had not commenced any audit work on the consolidated financial statements of the Company for the year ended 31 March 2018.

World Link CPA Limited was appointed as auditor of the Company on 30 April 2018 and the consolidated financial statements of the Company for the year ended 31 March 2018 were audited by World Link CPA Limited. World Link CPA Limited will retire at the forthcoming annual general meeting of the Company and, being eligible, offer itself for re-appointment. A resolution for their re-appointment as auditor of the Company will be proposed at the forthcoming annual general meeting of the Company.

By order of the Board

Fok Wai Hung
Executive Director
Hong Kong, 22 June 2018

INDEPENDENT AUDITOR'S REPORT

World Link CPA Limited

To the shareholders of
My Heart Bodibra Group Limited
(Incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of My Heart Bodibra Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 52 to 102, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2018, 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.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we identified are (i) valuation and allowance of inventories; and (ii) recognition of expenses for the initial listing of the Group.

KEY AUDIT MATTERS *(continued)*

Key Audit Matter

Valuation and allowance of inventories

Refer to significant accounting policies in note 4, critical judgements and estimates in note 5 and its relevant disclosures in note 19 to the consolidated financial statements.

The Group had inventories with carrying amount of approximately HK$35,427,000 as at 31 March 2018. The carrying amount of inventories contributed a significant part (28.6%) of the Group's total current assets as at 31 March 2018.

The Group's provision for inventories is based on management's estimate of the expected magnitude of write down of the Group's inventories to its net realisable value during the course of the manufacturing process, current and projected demand from customers for the relevant inventories, the condition and utilisation potential of individual inventories and other customer-specific conditions, all of which involve the exercise of a significant degree of management judgement.

We have identified the above matter as a key audit matter because the estimation of net realisable value as well as related allowance made together with future sales/consumption forecasts involves significant management judgements. Actual sales are likely to be different from those estimates or forecast since anticipated events sometimes do not occur as expected and unforeseen events may arise, and their impact on estimates and forecast may be material.

How our audit addressed the Key Audit Matter

Our procedures in relation to net realisable value determination as well as impairment assessment of inventories carried out by the management included:

— Evaluating the Group's internal control policy over allowance for inventories with reference to the requirements of the prevailing accounting standards;

— Identifying and assessing slow-moving and obsolete inventories when attending physical inventory count;

— Comparing inventory balances on a sample basis with respective balances in prior years to identify inventories which are relatively slow moving;

— Evaluating and assessing whether management had identified obsolete or slow-moving inventories appropriately and check against respective confirmed sales orders and prices, if any, subsequent to the reporting date on sample basis for their recoverability estimation and assessing whether those obsolete or slow-moving inventories identified had been accounted for in the inventory provision calculation;

— Enquiring of the management team about any expected changes in plans for production and forecast sales trends and comparing their representations with actual sales and inventory movements subsequent to the reporting date; and

— Challenging the appropriateness and reasonableness of the management's assumption by performing a sensitivity analysis on possible future consumption/sales of slow-moving stock items.

KEY AUDIT MATTERS *(continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Recognition of expenses for the initial listing of the Group	
Refer to significant accounting policies in note 4 and critical judgements and estimates in note 5 to the consolidated financial statements. Relevant costs incurred for the initial listing of the shares of the Company are allocated and classified among (i) profit or loss as listing expenses; and (ii) equity as a reduction of share premium, on the basis that whether the costs are (i) costs for the Company to obtain the listing status or (ii) incremental costs for the Company to raise additional funds from the issue of new shares, respectively. Such allocation of the costs involved significant judgement of the management. During the year ended 31 March 2018, costs attributable to obtaining the listing status of approximately HK$9,059,000 and HK$8,950,000 were charged to profit or loss and equity respectively. We have identified the above matter as a key audit matter because the classification and allocation of relevant costs incurred involve a significant degree of management judgement and therefore is subject to a significant inherent risk of error.	Our procedures in relation to the recognition of expenses for the initial listing of the Group included: — We enquired of the management on the bases of classification and allocation for the relevant costs and assessed the reasonableness of these bases with reference to applicable accounting standards and guidelines; and — We checked samples of listing expense items incurred for the initial listing of the shares of the Company to invoices and agreements to confirm the natures of the items and checked whether these items have been correctly allocated and classified according to bases determined by the management.

OTHER INFORMATION

The directors are responsible for the Other Information. The Other Information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

World Link CPA Limited
Certified Public Accountants
Lo Ka Ki
Audit Engagement Director
Practising Certificate Number — P06633

5th Floor,
Far East Consortium Building,
121 Des Voeux Road Central,
Hong Kong

Hong Kong, 22 June 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Note	2018 *HK$'000*	2017 *HK$'000*
Revenue	8	**79,165**	77,710
Cost of sales		**(14,738)**	(14,245)
Gross profit		**64,427**	63,465
Other income	9	**101**	20
Selling expenses		**(30,877)**	(32,412)
Administrative expenses		**(29,550)**	(16,010)
Profit from operations		**4,101**	15,063
Listing expenses		**(9,059)**	(11,367)
Finance costs	10	**(82)**	(104)
(Loss)/profit before tax		**(5,040)**	3,592
Income tax credit/(expense)	11	**3,716**	(2,535)
(Loss)/profit for the year attributable to the owners of the Company	12	**(1,324)**	1,057
Other comprehensive income for the year, net of tax:			
Item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**200**	(52)
Total comprehensive income for the year attributable to the owners of the Company		**(1,124)**	1,005
(Loss)/earnings per share			
Basic (cents)	16(a)	**(0.30)**	0.29
Diluted (cents)	16(b)	**(0.30)**	0.29

BODIBra

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment	17	10,604	3,590
Investment in an associate	18(a)	–	–
Rental deposits		4,781	3,463
		15,385	7,053
Current assets			
Inventories	19	35,427	25,738
Trade and other receivables	20	9,162	7,851
Amount due from ultimate holding company	21	130	21
Amounts due from directors	21	–	1,750
Amounts due from related parties	21	–	2,908
Amount due from an associate	18(b)	7,500	–
Cash and bank balances	22	71,711	48,268
		123,930	86,536
Current liabilities			
Trade and other payables	23	5,431	7,411
Deferred revenue	24	88,213	77,490
Amount due to a related party	21	1,883	–
Bank borrowings	25	129	1,716
Finance lease payables	26	818	275
Current tax liabilities		947	3,709
		97,421	90,601
Net current assets/(liabilities)		26,509	(4,065)
Total assets less current liabilities		41,894	2,988
Non-current liabilities			
Finance lease payables	26	1,437	457
Net assets		40,457	2,531

	Note	2018 HK$'000	2017 HK$'000
Equity			
Share capital	28	4,800	–
Reserves	29	35,657	2,531
Total equity		40,457	2,531

Approved and authorised for issue by the Board of Directors on 22 June 2018.

Yeung Man Sun	**Fok Wai Hung**
Director	*Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	Share capital HK$'000	Share premium account HK$'000 (note 29 (a))	Capital reserve HK$'000 (note 29 (b))	Foreign currency translation reserve HK$'000 (note 29 (c))	Statutory reserve HK$'000 (note 29 (d))	Retained profits HK$'000	Total equity HK$'000
At 1 April 2016	1,135	–	–	108	–	16,452	17,695
Dividend recognised as distribution (note 15)	–	–	–	–	–	(15,000)	(15,000)
Arising from the Reorganisation (note)	(1,135)	–	(34)	–	–	–	(1,169)
Total comprehensive income for the year	–	–	–	(52)	–	1,057	1,005
Appropriations	–	–	–	–	27	(27)	–
Changes in equity for the year	(1,135)	–	(34)	(52)	27	(13,970)	(15,164)
At 31 March 2017 and 1 April 2017	–	–	(34)	56	27	2,482	2,531
Share capitalisation (note 28(d))	**3,600**	**(3,600)**	**–**	**–**	**–**	**–**	**–**
Issue of new shares under public offer (note 28(e))	**1,200**	**46,800**	**–**	**–**	**–**	**–**	**48,000**
Expenses incurred in connection with issue of new shares	**–**	**(8,950)**	**–**	**–**	**–**	**–**	**(8,950)**
Total comprehensive income for the year	**–**	**–**	**–**	**200**	**–**	**(1,324)**	**(1,124)**
Appropriations	**–**	**–**	**–**	**–**	**216**	**(216)**	**–**
Changes in equity for the year	**4,800**	**34,250**	**–**	**200**	**216**	**(1,540)**	**37,926**
At 31 March 2018	**4,800**	**34,250**	**(34)**	**256**	**243**	**942**	**40,457**

Note:

As part of the Group reorganisation (as more explained in note 2 to the consolidated financial statements), My Heart Factory Limited ("My Heart Factory") acquired the entire equity interest in 華心思製衣(深圳)有限公司 ("Hua Xin Si") from Mr. Chan Lin So Alan ("Mr. Chan") and Mr. Yiu Koon Pong ("Mr. Yiu") (collectively referred to as the "Individual Shareholders") for an aggregate consideration of Renminbi ("RMB") 1,000,000 (equivalent to approximately HK$1,169,000) which was settled through the current accounts with the Individual Shareholders.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
Cash flows from operating activities			
(Loss)/profit before tax		**(5,040)**	3,592
Adjustments for:			
Depreciation of property, plant and equipment		**2,566**	1,571
Finance costs		**82**	104
Interest income		**(52)**	(6)
Net loss on disposals of property, plant and equipment		**236**	246
Operating (loss)/profit before working capital changes		**(2,208)**	5,507
Increase in rental deposits		**(1,286)**	(52)
Increase in inventories		**(8,967)**	(3,384)
Increase in trade and other receivables		**(1,204)**	(2,321)
(Decrease)/increase in trade and other payables		**(2,065)**	3,847
Increase in deferred revenue		**10,720**	18,206
Cash (used in)/generated from operations		**(5,010)**	21,803
Hong Kong Profits Tax refunded/(paid)		**2,278**	(357)
PRC Enterprise Income Tax ("EIT") paid		**(1,425)**	(8)
Net cash (used in)/generated from operating activities		**(4,157)**	21,438
Cash flow from investing activities			
Advance to ultimate holding company		**(109)**	(10)
Movement of balance with directors	35(a)	**–**	33,191
Movement of balance with related parties	35(a)	**6,400**	(9,194)
Increase in amount due from an associate		**(7,500)**	–
Purchases of items of property, plant and equipment	35(a)	**(7,812)**	(1,737)
Proceeds from disposals of property, plant equipment		**245**	–
Interest received		**52**	6
Net cash (used in)/from investing activities		**(8,724)**	22,256
Cash flow from financing activities			
Bank borrowings raised		**–**	3,000
Repayment of bank borrowings		**(1,587)**	(1,353)
Repayment of finance lease payables		**(658)**	(344)
Interest paid		**(82)**	(104)
Proceeds from issue of new shares under public offer		**48,000**	–
Expenses incurred in connection with issue of new shares		**(8,950)**	–
Net cash from financing activities		**36,723**	1,199

	Note	2018 HK$'000	2017 HK$'000
Net increase in cash and cash equivalents		**23,842**	44,893
Effect of foreign exchange rate changes		**(399)**	18
Cash and cash equivalents at beginning of year		**48,268**	3,357
Cash and cash equivalents at end of year		**71,711**	48,268
Analysis of cash and cash equivalents			
Cash and bank balances	22	**71,711**	48,268

1. CORPORATE INFORMATION

My Heart Bodibra Group Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 27 May 2016. The address of its registered office is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. During the year, the address of its principal place of business in Hong Kong has been changed from 11/F., Linkchart Centre, 2 Tai Yip Street, Kwun Tong, Kowloon, Hong Kong to Unit 2801–03, 28/F., Paul Y. Centre, 51 Hung To Road, Kwun Tong, Kowloon, Hong Kong. The Company's shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 13 July 2017 (the "Listing").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 36 to the consolidated financial statements.

In the opinion of the directors of the Company, as at 31 March 2018, Global Succeed Group Limited ("Global Succeed"), a company incorporated in the British Virgin Islands (the "BVI") and jointly controlled by Mr. Chan and Mr. Yiu, is the immediate and ultimate holding company of the Company.

2. GROUP REORGANISATION AND BASIS OF PREPARATION

Pursuant to the Group reorganisation (the "Reorganisation") for the purpose of the Listing, as more fully explained in "History, Development and Reorganisation — Reorganisation" in the prospectus of the Company dated 26 June 2017, which principally involves the following steps:

(a) Incorporation of Wish Enterprise Limited ("Wish Enterprise") and Glory Unique Limited ("Glory Unique") on 31 March 2016 for the purpose of holding the equity interests in My Heart Lingerie Limited ("My Heart Lingerie") and My Heart Factory, respectively;

(b) Incorporation of the Company by the Individual Shareholders to acquire Wish Enterprise and Glory Unique on 18 July 2016; and

(c) My Heart Factory acquired the entire equity interest in Hua Xin Si from the Individual Shareholders on 19 July 2016.

Upon completion of the Reorganisation on 19 July 2016, the Company became a holding company of the companies now comprising the Group. The Company and the companies comprising the Group are under common control of the Individual Shareholders before and after the Reorganisation. As the Reorganisation has not resulted in any change of economic substances, the consolidated financial statements of the Group for the years ended 31 March 2018 and 2017 have been presented as a continuation of the existing group based on the principles and procedures of merger accounting in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as if the current group structure had been in existence throughout the reporting periods rather than from the date of incorporation of the Company.

2. GROUP REORGANISATION AND BASIS OF PREPARATION *(continued)*

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

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 below provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HKFRSs

(a) Application of new and revised HKFRSs

The HKICPA has issued a number of new and revised HKFRSs that are first effective for annual periods beginning on or after 1 April 2017. Among these, the following new and revised HKFRSs is relevant to the Group.

Amendments to HKAS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Group has provided this information in note 35(b) to the consolidated financial statements.

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

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning on 1 April 2017. These new and revised HKFRSs include the following which may be relevant to the Group.

		Effective for accounting periods beginning on or after
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 16	Leases	1 January 2019
HK(IFRIC) - Int 23	Uncertainty over Income Tax Treatments	1 January 2019

3. ADOPTION OF NEW AND REVISED HKFRSs *(continued)*

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

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for HKFRS 9, HKFRS 15 and HKFRS 16, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially adopted in the Group's interim financial report for the six months ending 30 September 2018. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that interim financial report.

HKFRS 9 Financial Instruments

HKFRS 9 will replace HKAS 39 Financial Instruments: Recognition and Measurement. HKFRS 9 introduces new requirements for classification and measurement of financial assets, new rules for hedge accounting and a new impairment model for financial assets.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2018 on a retrospective basis. The Group plans to adopt the new standard on the required effective date and will not restate comparative information.

Based on an analysis of the Group's financial assets and financial liabilities as at 31 March 2018 on the basis of the facts and circumstances that exist at that date, the directors of the Company have assessed the impact of HKFRS 9 to the Group's consolidated financial statements as follows:

(i) *Classification and measurement*

HKFRS 9 contains three principal classification categories for financial assets: measured at amortised costs, fair value through profit or loss and fair value through other comprehensive income. Classification is driven by the entity's business model for managing the debt instruments and their contractual cash flow characteristics.

Based on the preliminary assessment, the Group does not expect the adoption of HKFRS 9 will have significant impact on the classification and measurement of its financial assets. The Group expects that its financial assets currently measured at amortised cost will continue with their classification and measurements upon the adoption of HKFRS 9.

3. ADOPTION OF NEW AND REVISED HKFRSs *(continued)*

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

HKFRS 9 Financial Instruments *(continued)*

(ii) Impairment

The new impairment model in HKFRS 9 replaces the "incurred loss" model in HKAS 39 with an "expected credit loss" model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure expected credit losses as either 12-month expected credit losses or lifetime expected credit losses, depending on the asset and the facts and circumstances. This new impairment model may result in an earlier recognition of credit losses on the Group's other financial assets.

Based on historical experience of the Group, the default rate of the outstanding balances with customers is low as the customers usually settle payments by cash, Easy Pay System ("EPS") or credit cards and the banks would normally settle EPS and credit card payments a few days after the trade date. Hence, the directors of the Company anticipate that the application of HKFRS 9 would not have material impact on the Group's future consolidated financial statements. The above assessments were made based on an analysis of the Group's financial assets as at 31 March 2018 on the basis of the facts and circumstances that existed at that date.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. HKFRS 15 will replace the existing revenue standards, HKAS 18, Revenue, which covers revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specifies the accounting for revenue from construction contracts.

HKFRS 15 is effective for annual periods beginning on or after 1 January 2018. The standard permits either a full retrospective or a modified retrospective approach for the adoption. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 April 2018 and that comparatives will not be restated.

Based on the preliminary assessment, the Group has not identified any material impacts on its consolidated financial statements on adoption of HKFRS 15 to date. Further assessment will be performed.

HKFRS 16 Leases

HKFRS 16 replaces HKAS 17 Leases and related interpretations. The new standard introduces a single accounting model for lessees. For lessees, the distinction between operating and finance leases is removed and lessees will recognise right-of-use assets and lease liabilities for all leases (with optional exemptions for short-term leases and leases of low value assets). HKFRS 16 carries forward the accounting requirements for lessors in HKAS 17 substantially unchanged. Lessors will therefore continue to classify leases as operating or financing leases.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

3. ADOPTION OF NEW AND REVISED HKFRSs *(continued)*

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

HKFRS 16 Leases *(continued)*

Based on the preliminary assessment, the standard will affect primarily the accounting for the Group's operating leases. The Group's office premises, factories, warehouses and retails stores leases are currently classified as operating leases and the lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term. Under HKFRS 16, the Group may need to recognise and measure a liability at the present value of the future minimum lease payments and recognise a corresponding right-of-use asset for these leases. The interest expense on the lease liability and depreciation on the right-of-use asset will be recognised in profit or loss. The Group's assets and liabilities will increase and the timing of expense recognition will also be impacted as a result.

As disclosed in note 33 to the consolidated financial statements, the Group's future minimum lease payments under non-cancellable operating leases for its office premises, factories, warehouses and retails stores amounted to approximately HK$21,323,000 as at 31 March 2018. These leases are expected to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The amounts will be adjusted for the effects of discounting and the transition reliefs available to the Group.

4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

The significant accounting policies applied in the preparation of the consolidated financial statements are set out below.

(a) Consolidation/combinations

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Consolidation/combinations *(continued)*

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

Merger accounting for common control combinations

The net assets of the combining entities or businesses are combined using the existing carrying values from the Controlling Party Group's perspective. No amount is recognised as consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the contribution of the Controlling Party Group's interest. All differences between the cost of acquisition (fair value of consideration paid) and the amounts at which the assets and liabilities are recorded have been recognised directly in equity as part of the merger reserve. The consolidated financial statements include the results of each of the combining entities or businesses from the date of incorporation/establishment or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Consolidation/combinations *(continued)*

Merger accounting for common control combinations *(continued)*

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting, are recognised as an expense in the period in which they are incurred.

(b) Investment in associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of the investment over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of an associate's post-acquisition profits or losses and other comprehensive income is recognised in consolidated statement of profit or loss and other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's entire carrying amount of that associate (including goodwill) and any related accumulated foreign currency translation reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

— Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

— Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

— All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods, or for administrative purposes are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold improvements	Over the shorter of the term of the lease and 3 years
Equipment	20%
Furniture and fixtures	20%
Motor vehicles	20%
Vessels	33.33%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(e) Leases

The Group as lessee

(i) *Operating leases*

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

Contingent rentals are recognised as expenses in the periods in which they are incurred.

(ii) *Finance leases*

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. At the commencement of the lease term, a finance lease is capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Leases *(continued)*

The Group as lessee *(continued)*

(ii) Finance leases (continued)

The corresponding liability to the lessor is included in the consolidated statement of financial position as finance lease payable. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets under finance leases are depreciated the same as owned assets over their estimated useful lives.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as cost of sales in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised in the profit or loss in the period of write-down or loss occurs. The amount of any reversal of any write-down of inventories recognised as an increment in the amount of inventories and recognised in the profit or loss in the period in which the reversal occurs.

(g) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an financial asset is under a contract whose terms require delivery of the financial assets within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are carried at amortised cost using the effective interest method (except for short-term receivables where interest is immaterial) minus any reduction for impairment or uncollectibility. Typically trade and other receivables, bank balances and cash are classified in this category.

(i) Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

(j) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value.

(k) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(m) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(n) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(o) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Revenue from the sales of goods is recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the titles have passed to the customers.

Receipts in advance from credit packages and member vouchers, where the relevant goods have not been delivered and titles have not been passed, are deferred and recognised as deferred revenue in the consolidated statement of financial position, and are recognised as revenue when the relevant goods are delivered and titles have passed as described in the above accounting policy for revenue from the sale of goods.

Deferred revenue in relation to the unused credit packages is recognised as revenue generated from the course of the ordinary activities of the Group upon the second anniversary of the contractual expiry date of the relevant credit packages.

Interest income is recognised on a time-proportion basis using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(p) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.

(q) Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

(r) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(r) Taxation *(continued)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(s) Related parties

For the purposes of these consolidated financial statements, a related party is a person or entity that is related to the Group.

(A) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Company or a parent of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(s) Related parties *(continued)*

(B) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

(t) Impairment of non-financial asset

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(u) Impairment of financial assets

At the end of each reporting period, the Group assesses whether its financial assets (other than those at fair value through profit or loss) are impaired, based on objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the (group of) financial asset(s) have been affected.

For trade receivables that are assessed not to be impaired individually, the Group assesses them collectively for impairment, based on the Group's past experience of collecting payments, an increase in the delayed payments in the portfolio, observable changes in economic conditions that correlate with default on receivables, etc.

Only for trade receivables, the carrying amount is reduced through the use of an allowance account and subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For all other financial assets, the carrying amount is directly reduced by the impairment loss.

For financial assets measured at amortised cost, if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed (either directly or by adjusting the allowance account for trade receivables) through profit or loss. However, the reversal must not result in a carrying amount that exceeds what the amortised cost of the financial asset would have been had the impairment not been recognised at the date the impairment is reversed.

(v) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(w) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

(a) *Recognition of costs for the initial listing*

The management determines the allocation and classification of relevant costs incurred for initial listing among (i) profit or loss as listing expenses and (ii) equity as a reduction of share premium based on its judgement on whether such costs are (i) costs for the Company to obtain the listing status or (ii) incremental costs for the Company to raise additional funds from the issue of new shares, respectively.

During the year ended 31 March 2018, costs attributable to obtaining the listing status of approximately HK$9,059,000 and HK$8,950,000 (2017: HK$11,367,000 and Nil) were charged to profit or loss and equity respectively.

(b) *Recognition of deferred revenue*

Receipts in advance from credit packages, where the relevant goods have not been delivered and titles have not been passed, are deferred and recognised as deferred revenue in the consolidated statement of financial position. Subsequently, the amounts will be recognised as revenue when the customers make the purchase using the credits purchased. The credit package is a programme offered to the Group's customers and having a valid period of two years from the date of purchase. Under the programme, the customers enjoy a pre-determined discount rate on the marked price of the Group's products in future purchases using the credits purchased and the pre-determined discount rate varies depending on the initial lump-sum amount paid to subscribe for the credit packages. The Group, subject to internal approval, may extend the valid period and allow the customers to continue to use the credit packages to purchase goods after the expiry dates up to the fourth anniversary of the date of original purchase.

Therefore, the directors of the Company are required to exercise judgement in the application of revenue recognition policies. In such assessment, the directors of the Company consider the general practice and grace period normally adopted by the Group as well as historical customer behaviour and usage pattern of the credit packages and the recognition criteria under HKAS 18 "Revenue". After careful consideration of these factors, the directors of the Company consider that it is appropriate to recognise any unused credit packages as revenue generated from the course of the ordinary activities of the Group upon the second anniversary of the contractual expiry date of the relevant credit packages.

For the year ended 31 March 2018, revenue recognised in the consolidated statement of profit or loss and other comprehensive income from unused credit packages amounted to approximately HK$2,560,000 (2017: HK$3,748,000).

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES *(continued)*

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Property, plant and equipment and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned.

The carrying amount of property, plant and equipment as at 31 March 2018 was approximately HK$10,604,000 (2017: HK$3,590,000).

(b) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

During the year, income tax of approximately HK$3,716,000 (2017: HK$2,535,000) was credited (2017: charged) to profit or loss.

(c) Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts, in particular of a loss event, requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

No impairment loss for bad and doubtful debts was made for the year ended 31 March 2018 (2017: Nil).

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES *(continued)*

Key sources of estimation uncertainty *(continued)*

(d) Allowance for slow-moving inventories

The Group makes allowance for inventories based on an assessment of the net realisable value of inventories. Allowances are applied to inventories where events or changes in circumstances indicate that the net realisable value is lower than the cost of inventories or that the inventories have no further use. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed.

No allowance for slow-moving inventories was made for the year ended 31 March 2018 (2017: Nil).

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, interest rate risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities.

The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arises.

(b) Credit risk

The carrying amounts of trade and other receivables, amounts due from ultimate holding company and an associate and bank balances included in the consolidated statement of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets.

The Group has no significant concentrations of credit risk. It has policies in place to ensure that sales are made to customers with an appropriate credit history. At the end of reporting period, the Group's trade receivables are due from banks with good reputation. The credit quality of the counterparties in respect of other receivables is assessed by taking into account their financial position, credit history and other factors. Given the constant repayment history, the directors are of the opinion that the risk of default by these counterparties is low.

Amounts due from ultimate holding company and an associate are closely monitored by the directors.

The credit risk on bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

6. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Interest rate risk

The Group's finance lease payables bear interests at fixed interest rates and therefore are subject to fair value interest rate risks.

The Group's bank deposits and bank borrowings bear interests at variable interest rates and therefore are subject to cash flow interest rate risks.

Except as stated above, the Group does not have other significant interest-bearing assets and liabilities at the end of reporting period, its income and operating cash flows are substantially independent of changes in market interest rates.

No sensitivity analysis is presented since the directors of the Company consider that the exposure of cash flow interest rate risk arising from variable-rate bank balances and bank borrowing is limited due to their short maturities or the insignificant amounts involved.

(d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's financial liabilities, based on undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the reporting date) and the earliest date the Group can be required to pay.

The maturity analysis based on contractual undiscounted cash flows of the Group's non-derivative financial liabilities is as follows:

	On demand *HK$'000*	Less than 1 year *HK$'000*	1 to 2 years *HK$'000*	2 to 5 years *HK$'000*	Total *HK$'000*
31 March 2018					
Trade and other payables	–	5,431	–	–	5,431
Amount due to a related party	1,883	–	–	–	1,883
Bank borrowings	129	–	–	–	129
Finance lease payables	–	891	904	574	2,369
31 March 2017					
Trade and other payables	–	7,411	–	–	7,411
Bank borrowings	1,716	–	–	–	1,716
Finance lease payables	–	300	259	216	775

6. FINANCIAL RISK MANAGEMENT *(continued)*

(d) Liquidity risk *(continued)*

Bank loans with a repayment on demand clause are included in the 'on demand' time band in the above maturity analysis. As at 31 March 2018, the aggregate undiscounted principal amounts of these bank loans amounted to approximately HK$129,000 (2017: HK$1,647,000). Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to approximately HK$129,000 (2017: HK$1,676,000).

(e) Categories of financial instruments at 31 March

	2018 *HK$'000*	2017 *HK$'000*
Financial assets:		
Loans and receivables (including cash and cash equivalents)	89,886	58,197
Financial liabilities:		
Financial liabilities at amortised cost	7,443	9,127

(f) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

7. OPERATING SEGMENT INFORMATION

The directors of the Company have determined that the Group has only one operating and reportable segment, as the Group is principally engaged in 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.

7. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information

For the year ended 31 March 2018, approximately 99.2% (2017: 99.3%) of the Group's revenue were derived from external customers in Hong Kong. The remaining percentage was attributed to customers in the People's Republic of China (the "PRC").

Information about the Group's non-current assets is presented based on the geographical location of the assets is as follows:

	2018 ***HK$'000***	2017 *HK$'000*
Hong Kong	**14,504**	5,529
The PRC, other than Hong Kong	**881**	1,524
	15,385	7,053

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 2018 (2017: Nil).

8. 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:

	2018 ***HK$'000***	2017 *HK$'000*
Sales of lingerie products and other complementary and ancillary products	**76,605**	73,962
Income from unused credit packages	**2,560**	3,748
	79,165	77,710

9. OTHER INCOME

	2018 HK$'000	2017 HK$'000
Bank interest income	52	6
Net foreign exchange gains	1	–
Others	48	14
	101	20

10. FINANCE COSTS

	2018 HK$'000	2017 HK$'000
Interest on bank borrowings	29	65
Finance lease charges	53	39
	82	104

11. INCOME TAX (CREDIT)/EXPENSE

	2018 HK$'000	2017 HK$'000
Current tax — Hong Kong Profits Tax		
Provision for the year	1,617	2,411
Over-provision in prior years	(5,642)	(122)
	(4,025)	2,289
Current tax — PRC EIT		
Provision for the year	309	246
	(3,716)	2,535

Hong Kong Profits Tax has been provided at a rate of 16.5% (2017: 16.5%) on the estimated assessable profit for the year ended 31 March 2018.

PRC EIT has been provided at a rate of 25% (2017: 25%) on the estimated assessable profit of those subsidiaries established in the PRC for the year ended 31 March 2018.

11. INCOME TAX (CREDIT)/EXPENSE *(continued)*

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

	2018	2017
	HK$'000	*HK$'000*
(Loss)/profit before tax	**(5,040)**	3,592
Tax at the Hong Kong Profits Tax rate of 16.5% (2017: 16.5%)	**(831)**	593
Tax effect of income that is not taxable	**(2)**	(1)
Tax effect of expenses that are not deductible	**3,153**	1,918
Tax effect of tax losses not recognised	**453**	264
Tax effect of utilisation of tax losses not previously recognised	**(99)**	(185)
Tax effect of temporary differences not recognised	**(679)**	(7)
Over-provision in prior years	**(5,642)**	(122)
Tax benefits	**(20)**	(20)
Effect of different tax rates of subsidiaries	**(49)**	95
Income tax (credit)/expense	**(3,716)**	2,535

12. (LOSS)/PROFIT FOR THE YEAR

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

	2018	2017
	HK$'000	*HK$'000*
Auditor's remuneration	**680**	469
Cost of inventories recognised as an expense	**14,738**	14,245
Depreciation of property, plant and equipment	**2,566**	1,571
Net foreign exchange (gains)/losses	**(1)**	75
Net loss on disposals of property, plant and equipment	**236**	246
Operating leases on land and buildings		
— Minimum lease payment	**13,617**	12,538
— Contingent rentals	**3,096**	3,549
	16,713	16,087
Staff cost (including directors' emoluments)		
— Salaries, bonuses and allowances	**26,431**	21,873
— Retirement benefit scheme contributions	**1,789**	872
	28,220	22,745

13. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance are as follows:

	2018 HK$'000	2017 HK$'000
Fees	228	–
Other emoluments		
Salaries, allowances and benefits in kind	1,696	800
Retirement benefit scheme contributions	47	36
	1,743	836
	1,971	836

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
31 March 2018				
Executive directors				
Mr. Chan (note (i))	–	509	15	524
Mr. Yiu (note (ii))	–	344	10	354
Mr. Fok Wai Hung (note (iii))	–	304	10	314
Mr. Lam Ka Yuen (note (iv))	–	261	9	270
Ms. Luk Mo Yan (note (v))	–	187	3	190
Mr. Yeung Man Sun (note (vi))	–	91	–	91
	–	1,696	47	1,743
Independent non-executive directors				
Ms. Chow Ting Hei Haily Josephine (note (vii))	35	–	–	35
Mr. Li Fu Yeung (note (viii))	50	–	–	50
Mr. Wong Tin King Richard (note (viii))	50	–	–	50
Mr. Lam Tat Fung (note (ix))	31	–	–	31
Mr. Ong King Keung (note (ix))	31	–	–	31
Mr. Yeung Man Sun (note (vi))	13	–	–	13
Mr. Cai Chun Fai (note (x))	18	–	–	18
	228	–	–	228

13. BENEFITS AND INTERESTS OF DIRECTORS *(continued)*

(a) Directors' emoluments *(continued)*

	Fees	Salaries, allowances and benefits in kind	Retirement benefit scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
31 March 2017				
Executive directors				
Mr. Chan (note (i))	–	400	18	418
Mr. Yiu (note (ii))	–	400	18	418
	–	800	36	836

Notes:

(i) Mr. Chan was appointed as an executive director on 27 May 2016 and resigned on 6 February 2018.

(ii) Mr. Yiu was appointed as an executive director on 27 May 2016 and ceased on 27 October 2017.

(iii) Mr. Fok Wai Hung was appointed as an executive director on 29 December 2017. Salaries, allowances and benefits in kind and retirement benefit scheme contributions of approximately HK$314,000 paid to him before the appointment as an executive director had not been included in the emolument analysis.

(iv) Mr. Lam Ka Yuen was appointed as an executive director on 29 December 2017. Salaries, allowances and benefits in kind and retirement benefit scheme contributions of approximately HK$294,000 paid to him before the appointment as an executive director had not been included in the emolument analysis.

(v) Ms. Luk Mo Yan was appointed as an executive director on 6 February 2018. Salaries, allowances and benefits in kind and retirement benefit scheme contributions of approximately HK$380,000 paid to her before the appointment as an executive director had not been included in the emolument analysis.

(vi) Mr. Yeung Man Sun was appointed as an independent non-executive director on 29 December 2017 and was re-designated as an executive director on 6 February 2018.

(vii) Ms. Chow Ting Hei Haily Josephine was appointed as an independent non-executive director on 13 January 2017 and resigned on 6 November 2017.

(viii) Mr. Li Fu Yeung and Mr. Wong Tin King Richard were appointed as independent non-executive directors on 13 January 2017 and resigned on 29 December 2017.

(ix) Mr. Lam Tat Fung and Mr. Ong King Keung were appointed as independent non-executive directors on 29 December 2017.

(x) Mr. Cai Chun Fai was appointed as an independent non-executive director on 6 February 2018.

13. BENEFITS AND INTERESTS OF DIRECTORS *(continued)*

(a) Directors' emoluments *(continued)*

There was no arrangement under which a director waived or agreed to waive any emolument during the year (2017: Nil).

During the year, no emolument has been paid to the directors as an inducement to join or upon joining the Group; or as compensation for loss of office (2017: Nil).

There was no discretionary bonus paid or payable to any of the directors during the year (2017: Nil).

The number of directors, whose emoluments fell within the following bands, is as follows:

	2018	2017
Nil to HK$1,000,000	**12**	2

(b) Directors' material interests in transactions, arrangements or contracts

Save for disclosed in note 34 to the consolidated financial statements, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

14. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals in the Group during the year included one (2017: Nil) director whose emoluments are reflected in the analysis presented in note 13 to the consolidated financial statements. The emoluments of the remaining four (2017: five) individuals are set out below:

	2018	2017
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**2,314**	2,897
Discretionary bonus	**411**	390
Retirement benefit scheme contributions	**72**	60
	2,797	3,347

The number of non-directors, highest paid employees, whose emoluments fell within the following bands, is as follows:

	2018	2017
Nil to HK$1,000,000	**4**	5

15. DIVIDENDS

No dividend had been paid or declared by the Company during the year.

An interim dividend of HK$1,500 per share totalling HK$15,000,000 was declared by the Company for the year ended 31 March 2017 to the then shareholder, i.e. Global Succeed. Such dividend payable was offset against amounts due from directors, i.e. the Individual Shareholders who own Global Succeed, by the same amount.

16. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

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

	2018	2017
(Loss)/earnings	***HK$'000***	*HK$'000*
(Loss)/earnings for the purpose of calculating basic and diluted (loss)/earnings per share	**(1,324)**	1,057

Number of shares	**2018**	2017
Issued ordinary shares at the beginning of year (note)	**360,000,000**	360,000,000
Effect of public offer of shares upon the Listing	**86,136,986**	–
Weighted average number of ordinary shares for the purpose of calculating basic and diluted (loss)/earnings per share	**446,136,986**	360,000,000

Note:

Issued ordinary shares of the Company at the beginning of year is on the assumption that 360,000,000 ordinary shares, being the number of shares in issue immediately after the completion of the share capitalisation, deemed to have been issued throughout the period from 1 April 2016 and up to 13 July 2017, immediately before the completion of public offer upon the Listing.

(b) Diluted (loss)/earnings per share

No diluted (loss)/earnings per share is presented as the Company did not have any dilutive potential ordinary share during the two years ended 31 March 2018 and 2017.

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Vessels HK$'000	Total HK$'000
Cost						
At 1 April 2016	3,479	1,332	467	1,864	–	7,142
Additions	1,411	528	19	–	–	1,958
Disposals	(779)	–	(23)	–	–	(802)
Exchange differences	(25)	(49)	(22)	(10)	–	(106)
At 31 March 2017 and 1 April 2017	4,086	1,811	441	1,854	–	8,192
Additions	**1,334**	**609**	**103**	**2,947**	**5,000**	**9,993**
Disposals	**(61)**	**(16)**	**(157)**	**(362)**	**–**	**(596)**
Exchange differences	**45**	**103**	**28**	**18**	**–**	**194**
At 31 March 2018	**5,404**	**2,507**	**415**	**4,457**	**5,000**	**17,783**
Accumulated depreciation						
At 1 April 2016	2,410	770	117	344	–	3,641
Charge for the year	888	222	89	372	–	1,571
Disposals	(552)	–	(4)	–	–	(556)
Exchange differences	(14)	(31)	(5)	(4)	–	(54)
At 31 March 2017 and 1 April 2017	2,732	961	197	712	–	4,602
Charge for the year	**796**	**298**	**94**	**545**	**833**	**2,566**
Disposals	**(15)**	**(6)**	**(68)**	**(26)**	**–**	**(115)**
Exchange differences	**35**	**67**	**14**	**10**	**–**	**126**
At 31 March 2018	**3,548**	**1,320**	**237**	**1,241**	**833**	**7,179**
Carrying amount						
At 31 March 2018	**1,856**	**1,187**	**178**	**3,216**	**4,167**	**10,604**
At 31 March 2017	1,354	850	244	1,142	–	3,590

At 31 March 2018, the carrying amount of motor vehicles held by the Group under finance leases amounted to approximately HK$2,693,000 (2017: HK$940,000).

18. INTERESTS IN AN ASSOCIATE

(a) Investment in an associate

	2018 HK$'000	2017 HK$'000
Unlisted share, at cost	–	–
Share of net assets	–	–
	–	–

Details of the Group's associate at 31 March 2018 are as follows:

Name	Place of incorporation	Issued and paid up capital	Percentage of ownership interest	Principal activities
Ocean Trader Limited ("Ocean Trader")	Hong Kong	HK$4	25%	Vessel holding

Ocean Trader was incorporated in Hong Kong on 28 July 2017, with issued share capital of HK$4. The investment cost in an associate has been presented as "–" as a result of rounding. The investment cost in an associate is immaterial and it had incurred loss for the year ended 31 March 2018 and therefore, the Group did not share its results during the year ended 31 March 2018.

The Group has not recognised loss for the year amounting to approximately HK$451,000 (2017: Nil) for Ocean Trader. The accumulated losses not recognised were approximately HK$451,000 (2017: Nil).

(b) Amount due from an associate

The amount due from an associate is unsecured, interest-free and repayable on demand. It was classified as amount due from an associate in the consolidated statement of financial position.

19. INVENTORIES

	2018 HK$'000	2017 HK$'000
Raw materials	3,635	3,569
Work-in-progress	359	867
Finished goods	31,433	21,302
	35,427	25,738

As at 31 March 2018, the Group's inventories are stated at cost.

20. TRADE AND OTHER RECEIVABLES

	2018 **HK$'000**	2017 HK$'000
Trade receivables	**1,384**	634
Deferred and prepaid listing expenses	**–**	5,223
Other receivables, prepayments and deposits	**7,778**	1,994
	9,162	7,851

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:

	2018 **HK$'000**	2017 HK$'000
0 – 30 days	**1,384**	600
31 – 60 days	**–**	34
	1,384	634

As of 31 March 2018, none of trade receivables were past due but not impaired. As at 31 March 2017, trade receivables of approximately HK$34,000 were past due but not impaired. These relate to banks that have good track record with the Group. The ageing analysis of these trade receivables is as follows:

	2018 **HK$'000**	2017 HK$'000
31 – 60 days	**–**	34

21. AMOUNTS DUE FROM/TO ULTIMATE HOLDING COMPANY/ DIRECTORS/RELATED PARTIES

The amounts due are unsecured, interest-free and repayable on demand.

Amounts due from directors and related parties disclosed pursuant to section 383(1)(d) to the Hong Kong Companies Ordinance is as follows:

	Maximum outstanding balance during the year *HK$'000*	**2018** ***HK$'000***	2017 *HK$'000*
Amounts due from directors			
Mr. Chan	3,449	–	875
Mr. Yiu	9,577	–	875
		–	1,750
Amounts due from related parties			
White Equity Limited (note (a))	5	–	5
My Heart Group Limited (note (b))	95	–	95
My Heart Lingerie Institute Limited (note (b))	105	–	105
T's Dining Group Limited (note (b))	2,687	–	2,687
ibuyfair.com Limited (note (b))	16	–	16
		–	2,908

Notes:

(a) This company is wholly-owned by Mr. Yiu, the then director of the Company.

(b) These companies are under common control by the Individual Shareholders.

22. CASH AND BANK BALANCES

At the end of reporting period, the cash and bank balances of the Group are denominated in the following currencies:

	2018 *HK$'000*	2017 *HK$'000*
HK$	70,354	47,772
RMB	1,355	496
US$	2	–
	71,711	48,268

Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

23. TRADE AND OTHER PAYABLES

	2018 *HK$'000*	2017 *HK$'000*
Trade payables	334	94
Accrued listing expenses	–	3,415
Accruals and other payables	5,097	3,902
	5,431	7,411

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:

	2018 *HK$'000*	2017 *HK$'000*
0 – 30 days	146	94
31 – 60 days	88	–
61 – 90 days	100	–
	334	94

24. DEFERRED REVENUE

	Credit package HK$'000	Member voucher HK$'000	Total HK$'000
At 1 April 2016	59,284	–	59,284
Receipts from sales of credit packages and member vouchers	85,299	282	85,581
Revenue recognised upon sales of goods	(63,423)	(204)	(63,627)
Revenue recognised for unused credit packages	(3,748)	–	(3,748)
At 31 March 2017 and 1 April 2017	77,412	78	77,490
Receipts from sales of credit packages and member vouchers	**81,434**	**250**	**81,684**
Revenue recognised upon sales of goods	**(68,173)**	**(231)**	**(68,404)**
Revenue recognised for unused credit packages	**(2,560)**	**–**	**(2,560)**
Exchange differences	**–**	**3**	**3**
At 31 March 2018	**88,113**	**100**	**88,213**

25. BANK BORROWINGS

	2018 ***HK$'000***	2017 *HK$'000*
Bank loans	**129**	1,647
Bank borrowings from credit card facility	**–**	69
	129	1,716

The borrowings are repayable as follows:

	2018 ***HK$'000***	2017 *HK$'000*
Within one year	**129**	1,587
Portion of bank loans that are due for repayment after one year but contain a repayment on demand clause (shown under current liabilities)	**–**	129
	129	1,716
Less: Amount due for settlement within 12 months (show under current liabilities)	**(129)**	(1,587)
Amount due for settlement after 12 months	**–**	129

25. BANK BORROWINGS *(continued)*

The bank borrowings are denominated in HK$.

The average interest rates at 31 March were as follows:

	2018	2017
Bank loans	**3%**	3%

Bank loans are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

The Group's bank loans represented a non-revolving corporate tax loan from a bank. As at 31 March 2017, the bank loans were secured by personal guarantees given by Mr. Chan and Mr. Yiu. Such personal guarantees were released and replaced by a corporate guarantee on 17 August 2017.

26. FINANCE LEASE PAYABLES

	Minimum lease payments		**Present value of minimum lease payments**	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within one year	**891**	300	**818**	275
In the second to fifth years, inclusive	**1,478**	475	**1,437**	457
	2,369	775	**2,255**	732
Less: Future finance charges	**(114)**	(43)	**N/A**	N/A
Present value of lease obligations	**2,255**	732	**2,255**	732
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(818)**	(275)
Amount due for settlement after 12 months			**1,437**	457

The Group lease certain of its motor vehicles under finance leases. The lease term is ranged from three to five years. At 31 March 2018, the effective borrowing rate was ranged from 4.21% to 4.77% (2017: 3.44% to 4.76%). Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The finance lease payables are denominated in HK$.

The finance lease payables of the Group are secured by the lessor's title to the leased assets.

27. DEFERRED TAX LIABILITIES

At the end of the reporting period, the Group has unused tax losses of approximately HK$8,251,000 (2017: HK$7,038,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately HK$4,333,000 (2017: HK$2,522,000) that will expire in five years. Other tax losses may be carried forward indefinitely.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is approximately HK$4,739,000 (2017: HK$3,811,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

28. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Authorised:		
Ordinary shares of HK$0.01 each		
On incorporation and at 31 March 2017 and 1 April 2017 (note (a))	38,000,000	380
Increase in authorised share capital (note (c))	**3,962,000,000**	**39,620**
At 31 March 2018	**4,000,000,000**	**40,000**
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
1 share allotted and issued on the date of incorporation (note (a))	1	–*
Issued of shares pursuant to the Reorganisation (note (b))	9,999	–*
At 31 March 2017 and 1 April 2017	10,000	–*
Share capitalisation (note (d))	**359,990,000**	**3,600**
Issue of new shares under public offer (note (e))	**120,000,000**	**1,200**
At 31 March 2018	**480,000,000**	**4,800**

* Represents amount less than HK$1,000

28. SHARE CAPITAL *(continued)*

Notes:

(a) 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 with an authorised share capital of HK$380,000 divided into 38,000,000 ordinary shares with nominal value of HK$0.01 each. Upon its incorporation, 1 share of HK$0.01 was allotted and issued to a nominee subscriber, which was then transferred to Global Succeed on the same date.

(b) On 18 July 2016, the Company acquired the entire equity interest in Wish Enterprise and Glory Unique as part of the Reorganisation and the Company allotted and issued 4,999 and 5,000 new ordinary shares of HK$0.01 each, respectively, credited as fully paid, to Global Succeed as the consideration.

(c) On 16 January 2017, the authorised share capital of the Company was increased from HK$380,000 divided into 38,000,000 ordinary shares to HK$40,000,000 divided into 4,000,000,000 ordinary shares by the creation of 3,962,000,000 additional ordinary shares with nominal value of HK$0.01 each.

(d) On 19 June 2017, written resolutions of the shareholders of the Company were passed, conditional on the share premium account of the Company having sufficient balance, or otherwise being credited pursuant to the placing of shares of the Company; the directors of the Company were authorised to capitalise the sum of HK$3,599,900 standing to the credit of the share premium account of the Company by issuing 359,990,000 shares of HK$0.01 each, credited as fully paid at par.

(e) On the date of the Listing, the Company issued 120,000,000 ordinary shares of HK$0.01 each at a price of HK$0.4 each upon completion of the public offer of the Company's shares in relation to the Listing. The premium on the issue of shares, amounting to approximately HK$37,850,000, net of share issue expenses, was credited to the Company's share premium account.

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

The Group reviews the capital structure frequently by considering the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts, redemption of existing debts or selling assets to reduce debts. No change was made in the objectives, policies or processes for managing capital during the years ended 31 March 2018 and 2017.

The only externally imposed capital requirement for the Group is that in order to maintain its listing on the Stock Exchange, it has to have a public float of at least 25% of the shares. The Group has maintained a sufficient public float to comply with the GEM Listing Rules from the date of the Listing. As of 31 March 2018, approximately 25% of the shares were in public hands.

29. RESERVES

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

Nature and purpose of reserves

(a) Share premium

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(b) Capital reserve

Capital reserve of the Company represents differences between the consideration paid over the nominal value of the share capital of subsidiaries as a result of the Group Reorganisation.

(c) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4(c) to the consolidated financial statements.

(d) Statutory reserve

In accordance with the PRC Company Law and the Group's PRC subsidiaries' articles of association, the Group's PRC subsidiaries are required to allocate 10% of its profit after tax as determined in accordance with the relevant accounting principles and financial regulations applicable to PRC companies to the statutory reserve until such reserve reaches 50% of the registered capital. The appropriation to the reserve must be made before any distribution of dividends to equity holders. The statutory surplus reserve can be used to offset previous years' losses, if any, and part of the statutory surplus reserve can be capitalised as paid-in capital provided that the amount of such reserve remaining after the capitalisation shall not be less than 25% of the paid-in capital of the Group's subsidiaries.

30. STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	2018 HK$'000	2017 HK$'000
Non-current assets		
Property, plant and equipment	2,161	–
Investments in subsidiaries	–	–
Prepayments, deposits and other receivables	670	–
	2,831	–
Current assets		
Other receivables	1,669	5,223
Amount due from ultimate holding company	29	–
Amount due from a related party	2,392	–
Cash and bank balances	22,072	–
	26,162	5,223
Current liabilities		
Other payables	445	3,415
Amounts due to subsidiaries	11,998	10,209
Finance lease payables	573	–
	13,016	13,624

30. STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY *(continued)*

(a) Statement of financial position of the Company *(continued)*

	2018 *HK$'000*	2017 *HK$'000*
Net current assets/(liabilities)	**13,146**	(8,401)
Total assets less current liabilities	**15,977**	(8,401)
Non-current liabilities		
Finance lease payables	**1,225**	–
Net assets/(liabilities)	**14,752**	(8,401)
Equity		
Share capital	**4,800**	–
Reserves (note 30(b))	**9,952**	(8,401)
Total equity/(capital deficiency)	**14,752**	(8,401)

Approved and authorised for issue by the Board of Directors on 22 June 2018.

Yeung Man Sun *Director*	**Fok Wai Hung** *Director*

(b) Reserves movement of the Company

	Share premium account HK$'000	**Accumulated losses** HK$'000	**Total** HK$'000
Dividend recognised as distribution (note 15)	–	(15,000)	(15,000)
Total comprehensive income for the year	–	6,599	6,599
At 31 March 2017 and 1 April 2017	–	(8,401)	(8,401)
Share capitalisation (note 28(d))	**(3,600)**	**–**	**(3,600)**
Issue of new shares under public offer (note 28(e))	**46,800**	**–**	**46,800**
Expenses incurred in connection with issue of new shares	**(8,950)**	**–**	**(8,950)**
Total comprehensive income for the year	**–**	**(15,897)**	**(15,897)**
At 31 March 2018	**34,250**	**(24,298)**	**9,952**

31. CONTINGENT LIABILITIES

As at 31 March 2018, the Group did not have any significant contingent liabilities (2017: Nil)

32. CAPITAL COMMITMENTS

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

	2018 HK$'000	2017 HK$'000
Property, plant and equipment	131	–

33. LEASE COMMITMENT

At 31 March 2018, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2018 HK$'000	2017 HK$'000
Within one year	13,540	9,248
In the second to fifth years inclusive	7,783	5,851
	21,323	15,099

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

34. RELATED PARTY TRANSACTIONS

Other than those related party balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the year:

(a) Transactions

The Group had the following transactions with its related parties during the year:

	2018 HK$'000	2017 HK$'000
Consultancy and advisory fees paid to Mr. Chan	69	–

34. RELATED PARTY TRANSACTIONS *(continued)*

(b) Balance

Details of the balances with related parties are set out in the consolidated statement of financial position and in notes 18(b) and 21 to the consolidated financial statements.

(c) Guarantee

Mr. Yiu has given personal guarantees to the landlords to secure two operating leases of retail stores entered into by My Heart Lingerie. The personal guarantees of these operating leases were released in March 2017 and June 2017 respectively.

On 8 April 2016, the Group obtained a new banking facility for a non-revolving corporate tax loan of HK$3,000,000 with personal guarantees given by Mr. Chan and Mr. Yiu. The entire amount of the facility has been drawn down in one lump sum on 15 April 2016. The bank borrowings will be repaid within two years since 15 April 2016 in accordance with the scheduled repayment dates as set out in the terms of facility. The personal guarantees were released and replaced by a corporate guarantee on 17 August 2017.

(d) The emoluments of directors and other members of key management during the year was as follows:

	2018	2017
	HK$'000	*HK$'000*
Fees	**228**	–
Other emoluments		
Salaries, allowances and benefits in kind	**1,696**	800
Retirement benefit scheme contributions	**47**	36
	1,743	836
	1,971	836

Further details of emoluments of directors and other members of key management during the year are set out in note 13 to the consolidated financial statements.

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transaction

In July 2016, an interim dividend of HK$1,500 per share totalling HK$15,000,000 was declared by the Company for the year ended 31 March 2017 to the then shareholder, i.e. Global Succeed. Such dividend payable was offset against amounts due from directors, i.e. the Individual Shareholders who own Global Succeed, by the same amount.

Additions to property, plant and equipment during the year of approximately HK$2,181,000 (2017: Nil) were financed by finance leases.

Amounts due from/to related parties with a net amount of approximately HK$2,908,000 (2017: HK$22,394,000) were settled through the current accounts with Mr. Chan and Mr. Yiu during the year ended 31 March 2018.

(b) Reconciliation of liabilities arising from financing activities

The table set forth below is the detail changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1 April	Cash flows	Additions to property, plant and equipment (note 35(a))	Interest expenses/ finance lease charges	31 March
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 March 2018					
Bank borrowings	1,716	(1,616)	–	29	129
Finance lease payables	732	(711)	2,181	53	2,255
	2,448	(2,327)	2,181	82	2,384

36. SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 March 2018 are as follows:

Name	Place of incorporation/ establishment and operation	Registered/issued and paid up capital	Percentage of ownership interest	Principal activities
Wish Enterprise Limited	The BVI	2 ordinary shares @US$1 each	Direct 100%	Investment holding
Glory Unique Limited	The BVI	2 ordinary shares @US$1 each	Direct 100%	Investment holding
My Heart Lingerie Limited	Hong Kong	HK$100	Indirect 100%	Retail sales of lingerie products
My Heart Factory Limited	Hong Kong	HK$5	Indirect 100%	Design and manufacture of lingerie products and provision of lingerie alteration service
All Rich HK Investment Limited	Hong Kong	HK$1	Indirect 100%	Inactive
Bodibra Beauty Limited	Hong Kong	HK$100	Indirect 100%	Inactive
Excellent Goldenfield Limited	Hong Kong	HK$1	Indirect 100%	Investment holding
My Heart Bodibra Lingerie (Macau) Limited	Macau	MOP25,000	Indirect 100%	Inactive
華心思製衣(深圳)有限公司 Huaxinsi Zhiyi (Shenzhen) Co., Ltd.* ("Hua Xin Si") (note)	The PRC	Registered and paid up capital: RMB1,000,000	Indirect 100%	Design, manufacture and sales of lingerie products
心心芭迪貝伊內衣(深圳)有限公司 Xin Xin Badibeiyi Lingerie (Shenzhen) Co., Ltd. * ("Xin Xin") (note)	The PRC	Registered: RMB1,000,000 Paid up: RMB500,000	Indirect 100%	Retail sales of lingerie products

* The English translation of company names in Chinese are for identification purpose only.

Note:

Hua Xin Si and Xin Xin are wholly-foreign owned enterprises established in the PRC.

37. SHARE OPTION SCHEME

On 19 June 2017, written resolution of the sole shareholder of the Company was passed to conditionally approve and adopt a share option scheme ("Share Option Scheme") to recognise and motivate the contributions that eligible participants have made or may make to the Group.

The Share Option Scheme adopted by the Company on 19 June 2017 will remain in force for a period of ten years from its effective date to 18 June 2027. Particulars of the Share Option Scheme of the Company are set out in Appendix IV to the prospectus of the Company dated 26 June 2017.

No share option has been granted by the Company under the Share Option Scheme since its effective date and up to the end of the reporting period.

38. CERTAIN COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation. The changes included the reclassification of (i) net loss on disposals of property, plant and equipment and (ii) net foreign exchange losses previously classified under "other income, gain or loss" to "administrative expenses". The new classification of the accounting items was considered to provide a more appropriate presentation of the consolidated financial performance of the Group.

39. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements are approved and authorised for issue by the Board of Directors on 22 June 2018.

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last four financial years, as extracted from the published audited consolidated financial statements and restated/reclassified as appropriate, is set out below.

RESULTS

	Year ended 31 March			
	2018	2017	2016	2015
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	79,165	77,710	55,621	50,913
Cost of sales	(14,738)	(14,245)	(9,055)	(9,191)
Gross profit	64,427	63,465	46,566	41,722
Other income	101	20	73	74
Selling expenses	(30,877)	(32,412)	(22,962)	(21,189)
Administrative expenses	(29,550)	(16,010)	(10,551)	(10,229)
Profit from operations	4,101	15,063	13,126	10,378
Listing expenses	(9,059)	(11,367)	(1,874)	–
Finance costs	(82)	(104)	(200)	(426)
(Loss)/profit before tax	(5,040)	3,592	11,052	9,952
Income tax credit/(expense)	3,716	(2,535)	(2,419)	(1,609)
(Loss)/profit for the year	(1,324)	1,057	8,633	8,343
Attributable to:				
Owners of the Company	(1,324)	1,057	8,436	7,481
Non-controlling interests	–	–	197	862
	(1,324)	1,057	8,633	8,343

ASSETS AND LIABILITIES

	As at 31 March			
	2018	2017	2016	2015
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets	**15,385**	7,053	6,918	6,883
Current assets	**123,930**	86,536	79,742	56,159
Current liabilities	**(97,421)**	(90,601)	(68,233)	(53,270)
Non-current liabilities	**(1,437)**	(457)	(732)	(710)
Net assets	**40,457**	2,531	17,695	9,062
Attributable to:				
Owners of the Company	**40,457**	2,531	17,695	8,737
Non-controlling interests	**–**	–	–	325
Total equity	**40,457**	2,531	17,695	9,062