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2018

My Heart Bodibra Group Limited  
心心芭迪貝伊集團有限公司

First Quarterly Report

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

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

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

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This report, for which the directors (the “**Directors**”) of My Heart Bodibra Group Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

The board of directors (the “**Board**”) of the Company (together with its subsidiaries, the “**Group**”) announces the unaudited condensed consolidated results of the Group for the three months ended 30 June 2018, together with the comparative unaudited figures for the corresponding period in year 2017 as follows:

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

For the three months ended 30 June 2018

	Notes	For the three months ended 30 June	
		2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
<b>Revenue</b>	3	<b>15,977</b>	21,366
Cost of sales		<b>(2,870)</b>	(4,015)
<b>Gross profit</b>		<b>13,107</b>	17,351
Other income, gain and loss		<b>(231)</b>	3
Selling expenses		<b>(9,492)</b>	(8,801)
Administrative expenses		<b>(9,350)</b>	(5,324)
Listing expenses		–	(6,155)
Finance cost		<b>(17)</b>	(18)
<b>Loss before taxation</b>		<b>(5,983)</b>	(2,944)
Income tax (expense)/credit	4	<b>(33)</b>	5,544
<b>(Loss)/profit for the period</b>		<b>(6,016)</b>	2,600
<b>Other comprehensive (expense)/ income:</b>			
Item that may be subsequently reclassified to profit or loss:			
Exchange difference arising on translation of foreign operations		<b>(128)</b>	21
<b>Total comprehensive (expense)/ income attributable to owners of the Company</b>		<b>(6,144)</b>	2,621
<b>(Loss)/earnings per share</b>	5		
Basic and Diluted (HK cents)		<b>(1.25)</b>	0.72

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2018

	Share capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Capital reserve (Unaudited) HK\$'000	Foreign currency translation reserve (Unaudited) HK\$'000	Statutory reserve (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
At 1 April 2017 (audited)	-	-	(34)	56	-	2,509	2,531
Profit for the period	-	-	-	-	-	2,600	2,600
Exchange difference arising on translation of foreign operations	-	-	-	21	-	-	21
Total comprehensive income for the period	-	-	-	21	-	2,600	2,621
At 30 June 2017 (unaudited)	-	-	(34)	77	-	5,109	5,152
At 1 April 2018 (audited)	<b>4,800</b>	<b>34,250</b>	<b>(34)</b>	<b>256</b>	<b>243</b>	<b>942</b>	<b>40,457</b>
Loss for the period	-	-	-	-	-	(6,016)	(6,016)
Exchange difference arising on translation of foreign operations	-	-	-	(128)	-	-	(128)
Total comprehensive expenses for the period	-	-	-	(128)	-	(6,016)	(6,144)
At 30 June 2018 (unaudited)	<b>4,800</b>	<b>34,250</b>	<b>(34)</b>	<b>128</b>	<b>243</b>	<b>(5,074)</b>	<b>34,313</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2018

## 1. GENERAL INFORMATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law (Cap. 22 Law 3 of 1961, as consolidated and revised of the Cayman Islands) on 27 May 2016 and its shares are listed on GEM of the Stock Exchange on 13 July 2017 (the “**Listing Date**”). Its immediate and ultimate holding company is Global Succeed Group Limited (“**Global Succeed**”) (incorporated in British Virgin Islands) and joint-controlled by Mr. Chan Lin So, Alan and Mr. Yiu Koon Pong. The address of the Company’s registered office is at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands. The Company’s principal place of business is Unit 2801-03, 28/F, Paul Y. Centre, 51 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

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

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

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

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated results of the Company for the three months ended 30 June 2018 have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (hereinafter collectively referred to as the “**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), the disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2018

The unaudited condensed consolidated results have been prepared under historical cost convention.

The principal accounting policies used in the unaudited condensed consolidated results for the three months ended 30 June 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2018, except as described in paragraph headed "Change in accounting policies" below.

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operation and effective for its accounting period beginning on 1 April 2018. The Group has not early applied the new and revised HKFRSs that have been issued by HKICPA but are yet to be effective.

## **Change in Accounting Policies**

### ***HKFRS 9 — Financial Instruments***

The Group has applied HKFRS 9 "Financial Instruments" on 1 April 2018. HKFRS 9 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at fair value through profit or loss ("FVTPL") replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities. Under HKFRS 9, it is no longer necessary for an incurred loss event to occur before an impairment loss is recognised.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2018

The application of the expected credit loss model of HKFRS 9 might result in earlier provision of credit losses in relation to the Group's trade receivables measured at amortised cost. However, the adoption of HKFRS 9 has no material effect on the Group's unaudited condensed consolidated financial statements as the credit quality of the financial assets of the Group does not change significantly for the three months ended 30 June 2018.

## ***HKFRS 15 — Revenue from Contracts with Customers***

The Group has applied HKFRS 15 "Revenue from Contracts with Customers" on 1 April 2018. This new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 has superseded existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations. As a result, the Group has changed its accounting policy in the unaudited condensed consolidated financial statements for revenue recognition as detailed below.

The Group elects to use the modified retrospective approach which means that the cumulative effect of the adoption of HKFRS 15 will be recognised in retained earnings as of 1 April 2018 and that comparatives will not be restated.

Under HKFRS 15, the Group recognises the revenue from provision of auxiliary and other services when the performance obligation is satisfied over time and measures the progress towards complete satisfaction in accordance with the output method while the customer obtains control of the promised good or service in the contract.

The adoption of HKFRS 15 has no material effect on the adjustments to the opening balance of the retained earnings at 1 April 2018 in the unaudited condensed consolidated statement of changes in equity and the amounts recognised in the unaudited condensed consolidated statement of profit or loss and other comprehensive income.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2018

## 3. REVENUE

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

	<b>For the three months ended 30 June</b>	
	<b>2018 (Unaudited) HK\$'000</b>	2017 (Unaudited) HK\$'000
Sales of lingerie products with shaping functions	<b>13,204</b>	18,241
Sales of other complementary and ancillary products	<b>1,734</b>	2,118
Income from unused credit packages	<b>1,039</b>	1,007
	<b>15,977</b>	21,366

## 4. INCOME TAX EXPENSE/(CREDIT)

	<b>For the three months ended 30 June</b>	
	<b>2018 (Unaudited) HK\$'000</b>	2017 (Unaudited) HK\$'000
Current tax:		
Hong Kong Profits Tax	–	–
PRC EIT	<b>33</b>	98
	<b>33</b>	98
Overprovision in prior year:		
Hong Kong Profits Tax	–	(5,642)
	<b>33</b>	(5,544)



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2018

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

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and the Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25%.

## 5. (LOSS)/EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share is based on the loss attributable to owners of the Company for the three months ended 30 June 2018 of approximately HK\$6,016,000 (2017: profit of approximately HK\$2,600,000) and the weighted average number of ordinary shares for the three months ended 30 June 2018 of 480,000,000 (2017: 360,000,000) in issue.

The weighted average number of issued ordinary shares of the Company during the three months ended 30 June 2017 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, immediately before the completion of public offer upon the Listing.

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

## 6. DIVIDENDS

The Board does not recommend the payment of dividend for the three months ended 30 June 2018 (for the three months ended 30 June 2017: Nil).

# MANAGEMENT DISCUSSION AND ANALYSIS

## **BUSINESS REVIEW**

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

During the period, in addition to maintaining its focus on Hong Kong market, the Group took steps to develop the lingerie markets in the PRC and Macau. During the period, the shop 61, 1/F., Nan Tang Shang Ye Guang Chang B, Yongxin Jie, Luohu, Shenzhen, Guangdong Province, PRC, which had ceased operation on 14 June 2018. The Group will use the remaining net proceeds from the public offering of the shares of the Company in accordance to the purposes stated in the Prospectus.

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

## **NET PROCEEDS FROM PUBLIC OFFER**

The Group raised the net proceeds from the public offer of its shares of approximately HK\$16.7 million after deducting commission and expenses borne by the Company in connection with the public offer. During the period from the Listing Date to 30 June 2018, approximately HK\$3.5 million of the net proceeds was utilized in (1) expanding the Group's retail network; (2) strengthening the Group's brand awareness and reputation; and (3) strengthening the Group's operational efficiency in accordance with the proposed implementation plans as disclosed under the section headed "FUTURE PLANS AND USE OF PROCEEDS" in the Prospectus.

# MANAGEMENT DISCUSSION AND ANALYSIS

## REVENUE

During the reporting period, the Group's revenue principally represents income derived from the sale of lingerie products with shaping functions and other complementary and ancillary products, recorded a total amount of approximately HK\$16.0 million, representing a decrease of approximately 25.2% compared with the revenue of approximately HK\$21.4 million for the corresponding period in year 2017 as a result of the decrease in sales volume.

## COST OF SALES AND GROSS PROFIT

Cost of sales comprised of approximately HK\$2.9 million for the three months ended 30 June 2018, (2017: approximately HK\$4.0 million) representing a decrease of approximately 27.5% as compared to the corresponding period in year 2017. The gross profit decreased by 24.7% from approximately HK\$17.4 million for the three months ended 30 June 2017 to approximately HK\$13.1 million for the corresponding period in year 2018. The decrease in cost of sales was in line with the decrease in revenue.

## EXPENSES

Selling expenses during the reporting period increased by approximately HK\$0.7 million from approximately HK\$8.8 million for the three months ended 30 June 2017 to approximately HK\$9.5 million for the corresponding period in year 2018 which was mainly due to increase in sales and marketing expenses for the relevant activities.

Administrative expenses increased by approximately HK\$4.1 million from approximately HK\$5.3 million for the three months ended 30 June 2017 to approximately HK\$9.4 million for the corresponding period in year 2018, primarily due to the increase in staff costs, depreciation, rental and related expenses and professionals fees in connection with the suspension of trading of the Shares of the Company that occurred from October 2017 to April 2018 during the reporting period.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **(LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY**

Loss attributable to owners of the Company for the three months ended 30 June 2018 amounted to approximately HK\$6.0 million, whereas there was a profit attributable to owners of the Company of HK\$2.6 million recorded for the corresponding period in year 2017. The decrease in profitability was principally attributable to the decrease in revenue as a result of the ongoing keen competition in the market, the increase in sales and marketing expenses and no one-off tax refund from the Hong Kong Inland Revenue Department was recognised during the reporting period.

# OTHER INFORMATION

## DISCLOSURE OF INTERESTS

### (a) Interests of Directors and chief executives

As at 30 June 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.

### (b) Interests of Substantial Shareholders of the Company

So far as is known to the Directors, as at 30 June 2018, the following entities (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions (directly or indirectly) in the Shares or underlying Shares of the Company that would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

## OTHER INFORMATION

### *Long positions in the Shares of the Company*

<b>Name of Shareholder</b>	<b>Nature of interest/ holding capacity</b>	<b>Number of shares</b>	<b>Percentage of issued share capital of the Company</b>
Global Succeed	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 is the direct shareholder of the Company. According to the information available to the Company, Global Succeed 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. Mr. Chan Lin So Alan is a consultant of the Company as at 30 June 2018 and up to the date of this report.

Save as disclosed above, as at 30 June 2018, the Directors were not aware of any other persons (other than the Directors or the chief executive of the Company) who had, or was deemed to have, interest or short positions in the Shares or underlying Shares of the Company would fall to be 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.

# OTHER INFORMATION

## SHARE OPTION SCHEME

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

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

## COMPETING INTERESTS

As far as the Directors are aware of, none of the Directors or the controlling shareholder of the Company or any of their respective close associates (as defined 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 three months ended 30 June 2018.

## INTEREST OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Central China International Capital Limited (“**CCIC**”) as compliance adviser of the Company. None of CCIC or its directors, employees or close associates (as defined under the GEM Listing Rules) had any interests in relation to the Company or in the share capital of any member of the Group which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules as at 30 June 2018.

## CODE OF CORPORATE GOVERNANCE PRACTICES

The Company endeavors to adopt prevailing best corporate governance practices. For the three months ended 30 June 2018, the Company, except for the deviation as specified below, had complied with all the code provisions set out in the Corporate Governance Code (the “**CG Code**”) as contained in Appendix 15 of the GEM Listing Rules.

## OTHER INFORMATION

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

### **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding securities transactions by the Directors (the "**Code of Conduct**") on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "**Required Standard Dealings**"). The Company had also made specific enquiry of all the Directors and each of them was in compliance with the Code of Conduct and Required Standard Dealings during the three months ended 30 June 2018. Further, the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors for the three months ended 30 June 2018.

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the three months ended 30 June 2018.



# OTHER INFORMATION

## **AUDIT COMMITTEE**

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

The Audit Committee has reviewed the unaudited condensed consolidated results of the Company for the three months ended 30 June 2018 and is of the opinion that such results complied with the applicable accounting standards and the requirements under the GEM Listing Rules, and that adequate disclosures have been made.

By order of the Board  
**My Heart Bodibra Group Limited**  
**Fok Wai Hung**  
*Executive Director*

Hong Kong, 9 August 2018