



Ocean Star Technology Group Limited

海納星空科技集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8297)

**INTERIM
REPORT
2021**

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

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 of Hong Kong Limited (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 the GEM are generally small and mid-sized companies, there is a risk that securities traded on the GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on the GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Tam Chak Chi

Mr. Xu Xue

Independent Non-Executive Directors

Mr. Deng Guo Hong

Mr. Tong Zhu

(appointed on 30 September 2021)

Mr. Tang Yiu Kay

(appointed on 18 June 2021)

Ms. Yuan Xiaoxi

(appointed on 9 April 2021 and
resigned on 30 September 2021)

Mr. Ong King Keung

(resigned on 11 May 2021)

Mr. Cai Chun Fai

(resigned on 9 April 2021)

BOARD COMMITTEES

Audit Committee

Mr. Tang Yiu Kay (*Chairman*)

(appointed on 18 June 2021)

Mr. Deng Guo Hong

Mr. Tong Zhu

(appointed on 30 September 2021)

Ms. Yuan Xiaoxi

(appointed on 9 April 2021
and resigned on 30 September 2021)

Mr. Ong King Keung (*Chairman*)

(resigned on 11 May 2021)

Mr. Cai Chun Fai (*Chairman*)

(resigned on 9 April 2021)

Remuneration Committee

Mr. Deng Guo Hong (*Chairman*)

Mr. Tam Chak Chi

Mr. Xu Xue

Mr. Tong Zhu

(appointed on 30 September 2021)

Mr. Tang Yiu Kay

(appointed on 18 June 2021)

Ms. Yuan Xiaoxi

(appointed on 9 April 2021
and resigned on 30 September 2021)

Mr. Ong King Keung

(resigned on 11 May 2021)

Mr. Cai Chun Fai

(resigned on 9 April 2021)

Nomination Committee

Mr. Deng Guo Hong (*Chairman*)

Mr. Tam Chak Chi

Mr. Xu Xue

Mr. Tong Zhu

(appointed on 30 September 2021)

Mr. Tang Yiu Kay

(appointed on 18 June 2021)

Ms. Yuan Xiaoxi

(appointed on 9 April 2021
and resigned on 30 September 2021)

Mr. Ong King Keung

(resigned on 11 May 2021)

Mr. Cai Chun Fai

(resigned on 9 April 2021)

CORPORATE INFORMATION

COMPLIANCE OFFICER

Mr. Tam Chak Chi

COMPANY SECRETARY

Mr. Tam Chak Chi

REGISTERED OFFICE

Windward 3, Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

PRINCIPAL OFFICE

1/F., Lok Kui Industrial Building
6–8 Hung To Road, Kwun Tong
Kowloon, Hong Kong

PRINCIPAL BANKER

Hang Seng Bank Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Ocorian Corporate Services (HK) Limited

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited

GEM STOCK CODE

08297

WEBSITE

www.bodibra.com

The board of directors (the “**Board**”) of the Company announces the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the three and six months ended 30 September 2021, together with the comparative unaudited figures for the corresponding period in year 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2021

	Note	For the three months ended 30 September		For the six months ended 30 September	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Revenue	5	11,815	13,052	24,833	26,991
Cost of sales		(3,585)	(3,006)	(6,430)	(5,383)
Gross profit		8,230	10,046	18,403	21,608
Other income		976	2,664	1,424	4,275
Selling expenses		(5,292)	(4,198)	(10,278)	(8,668)
Administrative and other operating expenses		(4,385)	(5,439)	(9,083)	(10,635)
Finance costs		(356)	(253)	(539)	(521)
Share of profit of an associate		2,104	(93)	2,178	530
Profit before tax	6	1,277	2,727	2,105	6,589
Income tax expense	7	(56)	(295)	(230)	(569)
Profit for the period attributable to the owners of the Company		1,221	2,432	1,875	6,020
Other comprehensive income for the period, net of tax:					
Item that may be reclassified to profit or loss:					
Exchange difference on translating foreign operations		(448)	(782)	(441)	(794)
Total comprehensive income for the period attributable to the owners of the Company		773	1,650	1,434	5,226
Earnings per share					
Basic (HK cents)	9(a)	0.23	0.51	0.36	1.25
Diluted (HK cents)	9(b)	0.23	0.51	0.36	1.25

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2021

	Note	At 30 September 2021 (Unaudited) HK\$'000	At 31 March 2021 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	2,464	3,294
Right-of-use assets		17,203	9,361
Investments in associates		15,437	13,260
Goodwill		440	440
Other receivables	11	5,459	3,975
		41,003	30,330
CURRENT ASSETS			
Inventories		23,142	23,908
Trade and other receivables	11	15,605	3,613
Amount due from a shareholder	12	173	173
Bank deposit		200	–
Cash and bank balances		28,035	3,700
		67,155	31,394
CURRENT LIABILITIES			
Trade and other payables	13	4,877	4,533
Contract liabilities		70,638	74,027
Lease liabilities		9,518	7,121
Current tax liabilities		1,045	816
		86,078	86,497
NET CURRENT LIABILITIES		(18,923)	(55,103)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2021

	Note	At 30 September 2021 (Unaudited) HK\$'000	At 31 March 2021 (Audited) HK\$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		22,080	(24,773)
NON-CURRENT LIABILITIES			
Lease liabilities		8,335	3,904
NET ASSETS/(LIABILITIES)		13,745	(28,677)
EQUITY			
Share capital	14	5,280	4,800
Reserves		8,465	(33,477)
TOTAL EQUITY/(DEFICIT)		13,745	(28,677)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021

	Share capital	Share premium account	Capital reserve	Foreign currency translation reserve	Statutory reserve	Accumulated losses	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2020 (audited)	4,800	34,250	(34)	281	525	(72,108)	(32,286)
Profit and total comprehensive income for the period (unaudited)	-	-	-	(794)	-	6,020	5,226
At 30 September 2020 (unaudited)	4,800	34,250	(34)	(513)	525	(66,088)	(27,060)
At 1 April 2021 (audited)	4,800	34,250	(34)	189	561	(68,443)	(28,677)
Shares issued pursuant to the placing*	480	40,800	-	-	-	-	41,280
Expenses incurred in connection with issue of shares	-	(292)	-	-	-	-	(292)
Profit and total comprehensive income for the period (unaudited)	-	-	-	(441)	-	1,875	1,434
At 30 September 2021 (unaudited)	5,280	74,758	(34)	(252)	561	(66,568)	13,745

* See note 14 of the Notes to the Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2021

	For the six months ended 30 September	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Net cash (used in)/generated from operating activities	(16,842)	9,457
Net cash generated from/(used in) investing activities	630	(338)
Net cash generated from/(used in) financing activities	40,988	(7,575)
Net increase in cash and cash equivalents	24,776	1,544
Cash and cash equivalents at beginning of period	3,700	3,269
Effect of foreign exchange rate changes	(441)	(790)
Cash and cash equivalents at end of period	28,035	4,023
Analysis of cash and cash equivalents:		
Cash and bank balances	28,035	4,023

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 27 May 2016. The address of its registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business in Hong Kong is 1/F., Lok Kui Industrial Building, 6–8 Hung To Road, Kwun Tong, Kowloon, Hong Kong. The shares of the Company are listed on the GEM since 13 July 2017.

The Company is an investment holding company and its principal subsidiaries are mainly engaged in (1) designing, manufacturing and sales of lingerie products in Hong Kong, Macau and the People's Republic of China (the "PRC"); and (2) provision of beauty services in Hong Kong.

In the opinion of the directors of the Company, as at 30 September 2021, Global Succeed Group Limited, a company incorporated in the British Virgin Islands and jointly controlled by Mr. Chan Lin So Alan and Mr. Yiu Koon Pong, remain as the controlling shareholders of the Company.

2. BASIS OF PREPARATION

These condensed financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosures required by the GEM Listing Rules.

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

These condensed financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2021. The accounting policies and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2021 except as described in note 3 below.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

3. APPLICATION OF NEW AND REVISED HKFRSs

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2021.

A number of new standards are effective from 1 January 2021 but they do not have material impact on the Group's unaudited condensed consolidated financial statements.

4. OPERATING SEGMENT INFORMATION

The Group's activities (other than design, manufacture and sales of lingerie products) do not meet the quantitative thresholds of operating segment. Accordingly, the Directors have determined that the Group has only one operating and reportable segment, being the sales of lingerie products and other complementary and ancillary products through its retail stores.

Information reported to the Directors 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 operating segment of the Group, no segment information is presented other than entity-wide disclosures.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

5. REVENUE

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

	For the three months ended 30 September		For the six months ended 30 September	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Products and services transferred at a point in time within the scope of HKFRS 15:				
Sales of lingerie products and other complementary and ancillary products	9,786	12,523	20,937	23,773
Provision of beauty services	324	267	753	545
Income from unused credit packages	1,705	262	3,143	2,673
	11,815	13,052	24,833	26,991

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	For the three months ended		For the six months ended	
	30 September		30 September	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Directors' emoluments	345	345	738	782
Other staff costs:				
Salaries, bonuses and allowances	4,905	4,117	9,316	8,681
Retirement benefit scheme contributions	280	244	536	428
Total staff costs	5,530	4,706	10,590	9,891
Cost of inventories recognised as an expense	3,585	3,006	6,430	5,383
Depreciation:				
– Property, plant and equipment	597	807	1,159	1,650
– Right-of-use of assets	2,486	2,759	4,415	5,524
Net foreign exchange loss	427	8	561	366
Operating lease charges on land and buildings:				
– Contingent rentals	28	–	52	–

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

7. INCOME TAX EXPENSE

	For the three months ended 30 September		For the six months ended 30 September	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax:				
Hong Kong Profits Tax	18	(243)	(72)	(373)
Macao Complementary Tax	(40)	(75)	(40)	(87)
PRC Enterprise Income Tax ("EIT")	(34)	23	(118)	(109)
	(56)	(295)	(230)	(569)

Hong Kong Profits Tax has been provided at the two-tiered profits tax rates of 8.25% on the first HK\$2 million and 16.5% for the remainder (for the three months ended 30 September 2020: 16.5%) on the estimated assessable profits for the three months ended 30 September 2021. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

Under the Macao Complementary Tax, taxable income below MOP600,000 is exempted from taxation while amount beyond this amount is to be taxed at the rate of 12% for the three and six months ended 30 September 2021.

PRC EIT has been provided at a rate of 25% (for the three and six months ended 30 September 2020: 25%) on the estimated assessable profit of those subsidiaries established in the PRC for the three and six months ended 30 September 2021.

8. DIVIDENDS

The Directors do not recommend the payment of a dividend for the three and six months ended 30 September 2021 (for the three and six months ended 30 September 2020: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

9. EARNINGS PER SHARE

(a) Basic earnings per share

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

Earnings	For the three months ended 30 September		For the six months ended 30 September	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
	Earnings for the purpose of calculating basic and diluted earnings per share	1,221	2,432	1,875

Number of shares	For the three months ended 30 September		For the six months ended 30 September	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Issued ordinary shares at the beginning of period	480,000,000	480,000,000	480,000,000	480,000,000
Effect of placing of new shares	48,000,000	–	40,393,443	–
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	528,000,000	480,000,000	520,393,443	480,000,000

(b) Diluted earnings per share

No diluted earnings per share is presented as the Company did not have any dilutive potential ordinary share.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2021, the Group acquired property, plant and equipment of approximately HK\$211,000 (six months ended 30 September 2020: approximately HK\$339,000).

11. TRADE AND OTHER RECEIVABLES

	At 30 September 2021 (Unaudited) HK\$'000	At 31 March 2021 (Audited) HK\$'000
Trade receivables	297	405
Other receivables, prepayment and deposits	20,767	7,183
	21,064	7,588
Analysed as:		
Current assets	15,605	3,613
Non-current assets	5,459	3,975
	21,064	7,588

The ageing analysis of trade receivables based on the invoice date, and net of allowance, is as follows:

	At 30 September 2021 (Unaudited) HK\$'000	At 31 March 2021 (Audited) HK\$'000
0–30 days	297	405

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

12. AMOUNT DUE FROM/(TO) A SHAREHOLDER

The amount due is unsecured, interest-free and repayable on demand.

13. TRADE AND OTHER PAYABLES

	At 30 September 2021 (Unaudited) HK\$'000	At 31 March 2021 (Audited) HK\$'000
Trade payables	401	270
Accruals and other payables	4,476	4,263
	4,877	4,533

The ageing analysis of trade payables based on the date of receipt of goods is as follows:

	At 30 September 2021 (Unaudited) HK\$'000	At 31 March 2021 (Audited) HK\$'000
0-60 days	401	270

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

14. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
At 1 April 2020, 31 March 2021, 1 April 2021 (audited) and 30 September 2021 (unaudited)	4,000,000,000	40,000
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
At 1 April 2020, 31 March 2021, 1 April 2021 (audited)	480,000,000	4,800
Issue of ordinary shares upon placing	48,000,000	480
At 30 September 2021 (unaudited)	528,000,000	5,280

15. RELATED PARTY TRANSACTIONS

The Group had entered into the following transactions with its related party during the period:

	For the three months ended		For the six months ended	
	30 September		30 September	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Consultancy and advisory fees payable to a related party	-	114	-	220

16. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 September 2021 (31 March 2021: Nil).

17. CAPITAL COMMITMENTS

The Group did not have any significant capital commitments as at 30 September 2021 (31 March 2021: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is one of the leading retailers of lingerie with shaping functions in Hong Kong, with production facilities in the PRC and Hong Kong. The Group principally offers a wide range of its own branded lingerie that are designed with shaping functions which aim to achieve better body appearances, including bras and panties, body shaping underwear and chest support vests. The Group also (1) sells other products without shaping functions, which primarily include breast cream, panties, nude bras, swimwear, bras straps and pads, and waist bands; and (2) provides beauty services.

During the period under review, the name of the Company has been changed from “My Heart Bodibra Group Limited” to “Ocean Star Technology Group Limited”. Reference is made to the announcements of Ocean Star Technology Group Limited (formerly known as My Heart Bodibra Group Limited) (the “**Company**”) dated 29 September 2021 and 16 July 2021, the circulars of the Company dated 28 July 2021 and the announcement of the Company relating to the poll result of the EGM dated 20 August 2021 in relation to, among other things, the change of the Company’s name. The Certificate of incorporation on Change of Name of the Company was issued by Registrar of Companies in Cayman Islands on 25 August 2021 and the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Companies Registry in Hong Kong on 23 September 2021.

During the period under review, the board of directors of the Company (the “**Board**”) has closely monitored the development of the novel coronavirus pneumonia (the “**COVID-19 pandemic**”) and the implementation of COVID-19 vaccination programmes held in Hong Kong and the PRC, the Board is cautiously optimistic that the local retail market will gradually recovered. After the successful completion of placing of new shares of the Company on 30 April 2021, the Board will (1) continue to improve the operational efficiency and keep on the cost control measures; (2) actively optimize its existing resources so as to enhance the core competitiveness; and (3) proactively to seek business opportunities to enhance the Group’s profitability in order to create higher value for shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE

During the reporting period, the Group's revenue, which 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\$24.8 million, representing a decrease of approximately 8.1% compared with the revenue of approximately HK\$27.0 million for the corresponding period in year 2020 as a result of the decrease in sales volume due to weak retail sales caused by the COVID-19 pandemic.

COST OF SALES AND GROSS PROFIT

Cost of sales recorded approximately HK\$6.4 million for the six months ended 30 September 2021, (2020: approximately HK\$5.4 million) representing an increase of approximately 18.5% as compared to the corresponding period in year 2020. The increase in cost of sales was mainly due to the increase in depreciation of right-of-use assets recorded pursuant to HKFRS 16. The gross profit decreased by approximately 16.4% from approximately HK\$22.0 million for the six months ended 30 September 2020 to approximately HK\$18.4 million for the corresponding period in year 2021.

EXPENSES

Selling expenses during the reporting period increased by approximately HK\$1.6 million from approximately HK\$8.7 million for the six months ended 30 September 2020 to approximately HK\$10.3 million for the corresponding period in year 2021, which was mainly due to the net effect of the increase in marketing expenses for promotional activities and rental expenses and the decrease in depreciation of right-of-use assets recorded pursuant to HKFRS 16.

Administrative expenses and other operating expenses decreased by approximately HK\$1.5 million from approximately HK\$10.6 million for the six months ended 30 September 2020 to approximately HK\$9.1 million for the corresponding period in year 2021, primarily due to the net effect of the decrease in legal and professional fees, depreciation expenses and depreciation of right-of-use assets recorded pursuant to HKFRS 16 and the increase in staff cost.

MANAGEMENT DISCUSSION AND ANALYSIS

INCOME TAX EXPENSE

Income tax expense decreased by approximately HK\$339,000 from an expense of approximately HK\$569,000 for the six months ended 30 September 2020 to an expense of approximately HK\$230,000 for the corresponding period in 2021.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

Profit attributable to owners of the Company for the six months ended 30 September 2021 amounted to approximately HK\$1.9 million, whereas there was a profit attributable to owners of the Company of approximately HK\$6.0 million recorded for the corresponding period in year 2020. This was primarily due to the net effect of the decrease in administrative and other operating expenses of the Group and the Government grants under Employment Support Scheme and the COVID-19 rent concessions received granted by Landlords and the increase in cost of sales and the selling expenses.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2021, the Group had net current liabilities of approximately HK\$18.9 million (31 March 2021: approximately HK\$55.1 million). This was mainly due to the net effect of the decrease in the contract liabilities and the net proceeds raised from the placing of new shares. The Group had cash and cash equivalents of approximately HK\$28 million (31 March 2021: approximately HK\$3.7 million).

CAPITAL STRUCTURE

On 15 April 2021, the Company and a Placing Agent entered into a Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent up to 48,000,000 Placing Shares at the Placing Price of HK\$0.86 per Placing Share to not less than six Placees who and whose beneficial owners shall be Independent Third Parties. The Placing Shares were allotted and issued pursuant to the General Mandate. On 30 April 2021, an aggregate of 48,000,000 Placing Shares had been placed to not less than six Placees at the Placing Price of HK\$0.86 per Placing Share.

Save as disclosed above, there has been no change in the capital structure of the Company since the Listing Date and up to the date of this report.

GEARING RATIO

Gearing ratio is calculated based on the total debts divided by total equity at the respective reporting date. As at 30 September 2021, the Group's gearing ratio was 130%, while it was Nil as at 31 March 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENTS/MATERIAL ACQUISITIONS AND DISPOSALS

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

EMPLOYEE AND REMUNERATION POLICIES

As at 30 September 2021, the Group had 101 (31 March 2021: 105) 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 Macau and the PRC for its employees in Macau and the PRC. For the Group's employees in Hong Kong, all the arrangements pursuant to the mandatory provident fund requirements prescribed by the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) have been duly implemented.

EVENTS AFTER THE REPORTING PERIOD

On 19 October 2021, the Company entered into a strategic cooperation framework agreement with 廣東佰事正達網絡科技有限公司 (Guangdong BaiShiZhengDa Internet Technology Limited*) in respect of the proposed establishment of an e-commerce platform (the "**Platform**") and sale of lingerie, sportswear and related products of the Company through the Platform.

Details of above are set out in the Company's announcement dated 19 October 2021.

On 7 October 2021, the board of directors of the Company announced that the Group intends to commence the business in provision of application of artificial intelligence, big data analysis, cloud storage services and related cloud-based server hosting and leasing services, in view of the increasing demand for information data, research and development on artificial intelligence and other cloud-related services in Hong Kong and the PRC.

* For identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS

Details of above are set out in the Company's announcement dated 7 October 2021.

On 6 October 2021, the board of directors of the Company announced that the board lot size of the ordinary shares in the Company (the "**Shares**") for trading on GEM of The Stock Exchange of Hong Kong Limited will be changed from 5,000 Shares to 2,500 Shares with effect from 9:00 a.m. on Thursday, 28 October 2021.

Details of above are set out in the Company's announcement dated 6 October 2021.

Save as disclosed above, there are no material subsequent events undertaken by the Company or by the Group after the reporting period.

CHARGES ON GROUP'S ASSETS

The Group did not have any other mortgage or charge over its assets as at 30 September 2021 and 31 March 2021.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

FOREIGN CURRENCY EXPOSURE

The Group's exposures to currency risk arise mainly from the business operations of some of its subsidiaries in the PRC and Macau, which are denominated in Renminbi and Macau pataca. The Group currently does not have a foreign currency hedging policy. Management monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise. The directors has reviewed the financial statements for the six months ended 30 September 2021 and consider that the foreign currency risk is minimal.

CONTINGENT LIABILITIES

As at 30 September 2021, the Group did not have any material contingent liabilities or guarantees.

OTHER INFORMATION

DISCLOSURE OF INTERESTS

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

As at 30 September 2021, 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.

OTHER INFORMATION

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

So far as is known to the Directors, as at 30 September 2021, the following persons (not being Directors or chief executives of the Company) had, or were deemed to have, interests or short positions (directly or indirectly) in the shares or underlying shares of the Company that would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Long positions in the Shares of the Company

Name of Shareholder	Nature of interest/ holding capacity	Number of shares	Percentage of issued share capital of the Company
Global Succeed Group Limited ("Global Succeed")	Beneficial owner (Note 1, 2 and 3)	200,000,000	37.87%
Mr. Chan Lin So Alan ("Mr. Chan")	Interest in a controlled corporation	200,000,000	37.87%
Mr. Yiu Koon Pong ("Mr. Yiu")	Interest in a controlled corporation	200,000,000	37.87%
Waichun Logistics Technology Limited ("Waichun Logistics")	Beneficial owner (Note 4, 5 and 6)	112,125,000	21.24%
Mr. Xian Hui ("Mr. Xian")	Interest in a controlled corporation	112,125,000	21.24%

OTHER INFORMATION

Notes:

- (1) 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 and 50% by Mr. Yiu. By virtue of the SFO, each of Mr. Chan and Mr. Yiu is deemed to be interested in the 210,000,000 shares held by Global Succeed as at 1 April 2021. Mr. Chan, Mr. Yiu and Global Succeed remain the controlling shareholders of the Company. Mr. Chan ceased to be a consultant of the Company since 1 April 2021.
- (2) On 30 April 2021, 48,000,000 placing shares have been allotted and issued to not less than six places pursuant to the general mandate of the Company (the “**Placing**”). As a result, the shareholding interests in the Company held by Global Succeed was diluted from approximately 43.75% to approximately 39.77%.
- (3) Global Succeed sold 10,000,000 shares of the Company on 31 August 2021 and as at 30 September 2021, Global Succeed holds 200,000,000 shares of the Company. After the Placing and disposal of shares, Mr. Chan, Mr. Yiu and Global Succeed still remain the controlling shareholders of the Company.
- (4) Waichun Logistics is the direct shareholder of the Company. According to the information available to the Company, Waichun Logistics holds 110,000,000 shares of the Company as at 1 April 2021 and Waichun Logistics is beneficially owned by the Mr. Xian.
- (5) Subsequent to the Placing, the shareholding interests in the Company held by Waichun Logistics was diluted from approximately 22.92% to approximately 20.83%.
- (6) On 2 September 2021, Waichun Logistics purchased 2,125,000 shares of the Company and as at 30 September 2021, Waichun Logistics holds 112,125,000 shares of the Company.

Save as disclosed above, as at 30 September 2021, 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.

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 under the GEM Listing Rules) had any business or interest in a business that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the six months ended 30 September 2021.

CODE OF CORPORATE GOVERNANCE PRACTICES

The Company endeavors to adopt prevailing best corporate governance practices. For the six months ended 30 September 2021, the Company, except for the deviation as specified below, had complied with all the code provisions set out in the Corporate Governance Code (the “**CG Code**”) as contained in Appendix 15 of the GEM Listing Rules.

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

OTHER INFORMATION

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors (the “**Code of Conduct**”) on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Required Standard Dealings**”). The Company had also made specific enquiry of all the Directors and each of them was in compliance with the Code of Conduct and Required Standard Dealings during the six months ended 30 September 2021. Further, the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors for the six months ended 30 September 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2021.

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, internal control procedures and risk management system of the Group. As at the date of this report, the Audit Committee comprises Mr. Deng Guo Hong, Mr. Tang Yiu Kay and Mr. Tong Zhu, being the independent non-executive Directors.



OTHER INFORMATION

REVIEW OF INTERIM FINANCIAL RESULTS

The Audit Committee reviewed the unaudited condensed consolidated results of the Company for the six months ended 30 September 2021 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
Ocean Star Technology Group Limited
Tam Chak Chi
Executive Director

Hong Kong, 9 November 2021