

My Heart Bodibra Group Limited
心心芭迪貝伊集團有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 8297)

**THIRD QUARTERLY RESULTS ANNOUNCEMENT
FOR THE NINE MONTHS ENDED 31 DECEMBER 2020**

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

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

The board of directors (the “**Board**”) of the Company announces the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the three and nine months ended 31 December 2020, together with the comparative unaudited figures for the corresponding period in year 2019 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine months ended 31 December 2020

	Notes	For the three months ended 31 December		For the nine months ended 31 December	
		2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Revenue	3	13,530	14,468	40,521	47,409
Cost of sales		<u>(2,723)</u>	<u>(5,341)</u>	<u>(8,106)</u>	<u>(12,328)</u>
Gross profit		10,807	9,127	32,415	35,081
Other income		1,881	351	6,156	635
Selling expenses		(4,664)	(5,544)	(13,332)	(19,760)
Administrative and other operating expenses		(4,911)	(6,679)	(15,546)	(24,489)
Finance costs		(193)	(290)	(714)	(860)
Share of profit of associates		(437)	479	93	664
Profit/(loss) before tax		2,483	(2,556)	9,072	(8,729)
Income tax expense	4	(653)	–	(1,222)	–
Profit/(loss) for the period attributable to the owners of the Company		1,830	(2,556)	7,850	(8,729)
Other comprehensive income for the period, net of tax:					
Item that may be reclassified to profit or loss:					
Exchange difference on translating foreign operations		(182)	(6)	(976)	29
Total comprehensive income for the period attributable to the owners of the Company		1,648	(2,562)	6,874	(8,700)
Earnings/(loss) per share					
Basic (HK cents)	6(a)	0.38	(0.53)	1.64	(1.82)
Diluted (HK cents)	6(b)	0.38	(0.53)	1.64	(1.82)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2020

	Share capital <i>HK\$'000</i>	Share premium account <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Foreign currency translation reserve <i>HK\$'000</i>	Statutory reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 April 2019 (audited)	4,800	34,250	(34)	38	525	(23,758)	15,821
Adjustments on initial application of HKFRS 16	—	—	—	—	—	(1,045)	(1,045)
Restated balance at 1 April 2019	<u>4,800</u>	<u>34,250</u>	<u>(34)</u>	<u>38</u>	<u>525</u>	<u>(24,803)</u>	<u>14,776</u>
Loss and total comprehensive income for the period (unaudited)	—	—	—	29	—	(8,729)	(8,700)
At 31 December 2019 (unaudited)	<u><u>4,800</u></u>	<u><u>34,250</u></u>	<u><u>(34)</u></u>	<u><u>67</u></u>	<u><u>525</u></u>	<u><u>(33,532)</u></u>	<u><u>6,076</u></u>
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)	—	—	—	(976)	—	7,850	6,874
At 31 December 2020 (unaudited)	<u><u>4,800</u></u>	<u><u>34,250</u></u>	<u><u>(34)</u></u>	<u><u>(695)</u></u>	<u><u>525</u></u>	<u><u>(64,258)</u></u>	<u><u>(25,412)</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2020

1. GENERAL INFORMATION

My Heart Bodibra Group Limited was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 27 May 2016. The address of its registered office is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business in Hong Kong is changed from Unit 2801-03, 28/F., Paul Y. Centre, 51 Hung To Road, Kwun Tong, Kowloon, Hong Kong to 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 “**Listing**”).

The Company is an investment holding company and its principal subsidiaries are mainly engaged in the business of (1) manufacturing and retail 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 31 December 2020, Global Succeed Group Limited, a company incorporated in the British Virgin Islands and jointly controlled by Mr. Chan Lin So Alan and Mr. Yiu Koon Pong, is the immediate and ultimate holding company of the Company.

2. BASIS OF PREPARATION

The unaudited condensed consolidated results of the Company for the nine months ended 31 December 2020 have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (hereinafter collectively referred to as the (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules.

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

These condensed results should be read in conjunction with the annual financial statements for the year ended 31 March 2020. 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 2020.

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 2020.

A number of other new standards are effective from 1 January 2020 but they do not have material effect on the Group’s unaudited condensed consolidated financial statements.

3. REVENUE

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

	For the three months ended 31 December		For the nine months ended 31 December	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Products and services transferred at a point in time:				
Sales of lingerie products and other complementary and ancillary products	12,072	14,009	35,845	45,567
Trading of garments	–	–	–	90
Income from unused credit packages	966	246	3,639	897
Provision of beauty services	492	213	1,037	855
	<u>13,530</u>	<u>14,468</u>	<u>40,521</u>	<u>47,409</u>

4. INCOME TAX EXPENSE

	For the three months ended 31 December		For the nine months ended 31 December	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Current tax:				
Hong Kong Profits Tax	(503)	–	(876)	–
Macao Complementary Tax	(64)	–	(151)	–
PRC Enterprise Income Tax (“EIT”)	(86)	–	(195)	–
	<u>(653)</u>	<u>–</u>	<u>(1,222)</u>	<u>–</u>

Hong Kong Profits Tax has been provided at tiered rates of 8.25% on the first HK\$2 million and 16.5% for the remainder (for the three and nine months ended 31 December 2019: 16.5%) on the estimated assessable profits for the three and nine months ended 31 December 2020.

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 nine months ended 31 December 2020.

PRC EIT has been provided at a rate of 25% (for the three and nine months ended 31 December 2019: 25%) on the estimated assessable profit of those subsidiaries established in the PRC for the three and nine months ended 31 December 2020.

5. DIVIDENDS

The Directors do not recommend the payment of a dividend for the nine months ended 31 December 2020 (for the nine months ended 31 December 2019: Nil).

6. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

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

	For the three months ended 31 December		For the nine months ended 31 December	
	2020 (Unaudited) <i>HK\$'000</i>	2019 (Unaudited) <i>HK\$'000</i>	2020 (Unaudited) <i>HK\$'000</i>	2019 (Unaudited) <i>HK\$'000</i>
Earnings/(loss)				
Earnings/(loss) for the purpose of calculating basic earnings/(loss) per share	<u>1,830</u>	<u>(2,556)</u>	<u>7,850</u>	<u>(8,729)</u>
	For the three months ended 31 December		For the nine months ended 31 December	
	2020 (Unaudited)	2019 (Unaudited)	2020 (Unaudited)	2019 (Unaudited)
Number of shares				
Issued ordinary shares at the beginning of period	<u>480,000,000</u>	<u>480,000,000</u>	<u>480,000,000</u>	<u>480,000,000</u>
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings/(loss) per share	<u>480,000,000</u>	<u>480,000,000</u>	<u>480,000,000</u>	<u>480,000,000</u>

(b) Diluted earnings/(loss) per share

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

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 market condition in Hong Kong were affected by the fourth wave of the novel coronavirus pneumonia (the “**COVID-19 pandemic**”). The current wave of COVID-19 pandemic has dampened the consumer sentiment and sustained the adverse market conditions resulted by the COVID-19 pandemic from the year 2020 to now. The outlook for the market recovery remains clouded. Given the uncertainties of both the duration of the COVID-19 pandemic and the effectiveness of the pandemic preventive measures imposed by the Hong Kong Government, the Group will (1) actively negotiate with business partners including suppliers and landlords on mitigating measures during such difficult period and (2) keep on enhancing the operational efficiency and strengthening cost control measures. The Board will continue to closely monitor the development of the COVID-19 pandemic and proactively react to its impact on the Group’s profitability and financial position.

REVENUE

During the period under review, the Group recorded a revenue of approximately HK\$40.5 million, which principally represents income derived from the sale of lingerie products with shaping functions and other complementary and ancillary products, representing a decrease of approximately 14.6% compared with the revenue of approximately HK\$47.4 million recorded for the corresponding period in 2019 as a result of the decrease in sales volume due to weak retail sales caused by the COVID-19 pandemic and the pandemic preventive measures imposed by the Hong Kong Government.

GROSS PROFIT MARGIN

Gross profit margin of the Group has increased by approximately 6.0% from approximately 74.0% for the nine months ended 31 December 2019 to approximately 80.0% for the nine months ended 31 December 2020. This is mainly due to effective cost control on the production costs and the inventory management enhancement and the decrease in rental expenses pursuant to HKFRS 16 during the period under review.

EXPENSES

Selling expenses during the period under review decreased by approximately HK\$6.4 million from approximately HK\$19.7 million for the nine months ended 31 December 2019 to approximately HK\$13.3 million for the corresponding period in 2020, which was mainly attributable to the decrease in staff costs and marketing expenses for the promotional activities and the decrease in rental expenses and the depreciation of right-of-use assets recorded pursuant to HKFRS 16.

Administrative expenses and other operating expenses decreased by approximately HK\$9.0 million from approximately HK\$24.5 million for the nine months ended 31 December 2019 to approximately HK\$15.5 million for the corresponding period in 2020, which was primarily due to the decrease in staff costs, legal and professional fees and other general operating expenses.

INCOME TAX EXPENSE

Income tax expense increased by approximately HK\$1.2 million from an expense of approximately HK\$100 for the nine months ended 31 December 2019 to an expense of approximately HK\$1.2 million for the corresponding period in 2020.

PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY

Profit attributable to owners of the Company for the nine months ended 31 December 2020 amounted to approximately HK\$7.9 million, whereas there was a loss attributable to owners of the Company of approximately HK\$8.7 million recorded for the corresponding period in 2019. This was primarily attributable to the effective cost control measures in selling expenses, administrative and other operating expenses of the Group and the subsidies from the Employment Support Scheme provided by the Hong Kong Government and the rental concessions granted by the landlords.

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 31 December 2020, none of the Directors nor chief executives of the Company and their respective associates had any interests and short positions in any shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by directors as referred to in Rule 5.46 of the GEM Listing Rules.

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

So far as is known to the Directors, as at 31 December 2020, the following persons (not being Directors or chief executives of the Company) had, or were deemed to have, interests or short positions (directly or indirectly) in the shares or underlying shares of the Company that would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Long positions in the shares of the Company

Name of Shareholder	Nature of interest/ holding capacity	Number of shares	Percentage of issued share capital of the Company
Global Succeed Group Limited	Beneficial owner (Notes 1 & 3)	250,000,000	52.08%
Mr. Chan Lin So Alan	Interest in a controlled corporation	250,000,000	52.08%
Mr. Yiu Koon Pong	Interest in a controlled corporation	250,000,000	52.08%

Name of Shareholder	Nature of interest/ holding capacity	Number of shares	Percentage of issued share capital of the Company
Waichun Logistics Technology Limited	Beneficial owner (Note 2)	110,000,000	22.92%
Mr. Li Zhi	Interest in a controlled corporation	110,000,000	22.92%
Mr. Xian Hui	Interest in a controlled corporation	110,000,000	22.92%

Notes:

- (1) 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 250,000,000 shares held by Global Succeed Group Limited. Mr. Chan Lin So Alan is a consultant of the Company as at 31 December 2020 and up to the date of this announcement.
- (2) Global Succeed Group Limited disposed of 110,000,000 shares of the Company to Waichun Logistics Technology Limited on 21 April 2020. Details of the disposal were stated in the announcement dated 27 April 2020. Waichun Logistics Technology Limited is another direct shareholder of the Company. According to the information available to the Company, Waichun Logistics Technology Limited is beneficially owned as to 50% by Mr. Xian Hui and 50% by Mr. Li Zhi. By virtue of the SFO, each of Mr. Xian Hui and Mr. Li Zhi is deemed to be interested in the 110,000,000 shares held by Waichun Logistics Technology Limited.
- (3) According to the information available to the Company, Global Succeed Group Limited disposed of 6,645,000 shares of the Company on 28 January 2021. Immediately following the disposal, Global Succeed Group Limited holds 243,355,000 shares, representing approximately 50.70% of the issued share capital of the Company. Mr. Chan Lin So Alan, Mr. Yiu Koon Pong and Global Succeed Group Limited remain as controlling shareholders of the Company. Details of the disposal were stated in the announcement dated 5 February 2021.

Save as disclosed above, as at 31 December 2020, the Directors were not aware of any other persons (other than the Directors or chief executive of the Company) who had, or was deemed to have, interest or short positions in the Shares or underlying Shares of the Company would fall to be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

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

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

COMPETING INTERESTS

As far as the Directors are aware of, none of the Directors or the controlling shareholder of the Company or any of their respective close associates (as defined under the GEM Listing Rules) had any business or interest in a business that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the nine months ended 31 December 2020.

CODE OF CORPORATE GOVERNANCE PRACTICES

The Company endeavors to adopt prevailing best corporate governance practices. For the nine months ended 31 December 2020, the Company, except for the deviation as specified below, had complied with all the code provisions set out in the Corporate Governance Code (the “**CG Code**”) as contained in Appendix 15 of the GEM Listing Rules.

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

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors (the “**Code of Conduct**”) on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Required Standard Dealings**”). The Company had also made specific enquiry of all the Directors and each of them was in compliance with the Code of Conduct and Required Standard Dealings during the nine months ended 31 December 2020. Further, the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors for the nine months ended 31 December 2020.

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 nine months ended 31 December 2020.

AUDIT COMMITTEE

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

The Audit Committee has reviewed the unaudited condensed consolidated results of the Company for the nine months ended 31 December 2020 and is of the opinion that the preparation of such results complied with the applicable accounting standards and the requirements under the GEM Listing Rules, and that adequate disclosures have been made.

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

Hong Kong, 8 February 2021

As at the date of this announcement, the executive Directors are Mr. Tam Chak Chi and Mr. Xu Xue; and the independent non-executive Directors are Mr. Deng Guo Hong, Mr. Ong King Keung and Mr. Cai Chun Fai.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the Company's website at www.bodibra.com.