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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)

**FIRST QUARTERLY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 30 JUNE 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.

*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 months ended 30 June 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 three months ended 30 June 2021

	<i>Notes</i>	For the three months ended 30 June	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Revenue	3	13,018	13,939
Cost of sales		<u>(2,845)</u>	<u>(2,377)</u>
Gross profit		10,173	11,562
Other income		448	1,611
Selling expenses		(4,986)	(4,470)
Administrative and other operating expenses		(4,698)	(5,196)
Finance costs		(183)	(268)
Share of profit of an associate		<u>75</u>	<u>623</u>
Profit before tax		829	3,862
Income tax expense	4	<u>(174)</u>	<u>(274)</u>
Profit for the period attributable to the owners of the Company		<u>655</u>	<u>3,588</u>
Other comprehensive income for the period, net of tax:			
Item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		<u>8</u>	<u>(12)</u>
Total comprehensive income for the period attributable to the owners of the Company		<u>663</u>	<u>3,576</u>
Earnings per share			
Basic (<i>HK cents</i>)	6(a)	<u>0.13</u>	0.75
Diluted (<i>HK cents</i>)	6(b)	<u>0.13</u>	0.75

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2021

	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 2020 (audited)	4,800	34,250	(34)	281	525	(72,108)	(32,286)
Profit and total comprehensive income for the period	—	—	—	(12)	—	3,588	3,576
At 30 June 2020 (unaudited)	<u>4,800</u>	<u>34,250</u>	<u>(34)</u>	<u>269</u>	<u>525</u>	<u>(68,520)</u>	<u>(28,710)</u>
At 1 April 2021 (audited)	4,800	34,250	(34)	189	561	(68,443)	(28,677)
Profit and total comprehensive income for the period	<u>480</u>	<u>40,800</u>	—	<u>8</u>	—	<u>655</u>	<u>41,943</u>
At 30 June 2021 (unaudited)	<u>5,280</u>	<u>75,050</u>	<u>(34)</u>	<u>197</u>	<u>561</u>	<u>(67,788)</u>	<u>13,266</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2021

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 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 located at 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 June 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 the controlling shareholders of the Company.

2. BASIS OF PREPARATION

The unaudited condensed consolidated results of the Group for the three months ended 30 June 2021 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 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.

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 January 2021. The Group has not early applied the new and revised HKFRSs that have been issued by HKICPA but are yet to be effective.

3. REVENUE

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

	For the three months ended 30 June	
	2021	2020
	(Unaudited) HK\$'000	(Unaudited) 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	10,101	11,250
Income from unused credit packages	2,408	2,411
Provision of beauty services	509	278
	<u>13,018</u>	<u>13,939</u>

4. INCOME TAX EXPENSE

	For the three months ended 30 June	
	2021	2020
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Current tax:		
Hong Kong Profits Tax	(89)	(130)
PRC Enterprise Income Tax ("PRC EIT")	(85)	(132)
Macao Complementary Tax	–	(12)
	<u>(174)</u>	<u>(274)</u>

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 June 2020: 16.5%) on the estimated assessable profits for the three months ended 30 June 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 months ended 30 June 2021.

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

5. DIVIDENDS

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

6. 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 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Earnings for the purpose of calculating basic and diluted earnings per share	<u>655</u>	<u>3,588</u>

Number of shares	For the three months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Issued ordinary shares at the beginning of the period	480,000,000	480,000,000
Effect of placing of new shares	<u>32,703,297</u>	—
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	<u>512,703,297</u>	<u>480,000,000</u>

(b) Diluted earnings per share

No diluted earnings per share is presented as the Company did not have any dilutive potential ordinary share during the three months ended 30 June 2021 and 2020 respectively.

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 novel coronavirus pneumonia (the “**COVID-19 pandemic**”) and the implementation of the pandemic prevention measures imposed by the Hong Kong Government may continue to adversely affect local economic growth and especially the local retail market. The board of directors of the Company (the “**Board**”) has closely monitored the development of 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 get out of the current predicament. The Group will (1) continue to improve the operational efficiency and keep on the cost control measures and (2) actively optimize its existing resources so as to enhance the profitability and the core competitiveness. After the successful completion of placing of new shares of the Company on 30 April 2021, the Group will cautiously seek for potential business opportunities to create higher value for shareholders.

REVENUE

During the period under review, the Group recorded a revenue of approximately HK\$13.0 million, which principally represents income derived from (1) the sale of lingerie products and other complementary and ancillary products; (2) provision of beauty services; and (3) income from unused credit packages, representing a decrease of approximately 6.5% compared with the revenue of approximately HK\$13.9 million recorded for the corresponding period in 2020 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 decreased by approximately 5.8% from approximately 82.9% for the three months ended 30 June 2020 to approximately 78.1% for the three months ended 30 June 2021. This is mainly due to 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.

EXPENSES

Selling expenses during the period under review increased by approximately HK\$0.5 million from approximately HK\$4.5 million for the three months ended 30 June 2020 to approximately HK\$5.0 million for the corresponding period in 2021, which was mainly attributable to the increase in marketing expenses for the promotional activities.

Administrative expenses decreased by approximately HK\$0.5 million from approximately HK\$5.2 million for the three months ended 30 June 2020 to approximately HK\$4.7 million for the corresponding period in 2021, which is primarily due to the decrease in depreciation of right-of-use assets and other general expenses.

INCOME TAX EXPENSE

Income tax expense decreased by approximately HK\$100,000 from an expense of approximately HK\$274,000 for the three months ended 30 June 2020 to an expense of approximately HK\$174,000 for the corresponding period in 2021.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

Profit attributable to owners of the Company for the three months ended 30 June 2021 amounted to approximately HK\$0.7 million, compared to the profit attributable to owners of the Company of approximately HK\$3.6 million recorded for the corresponding period in 2020. This was primarily due to the net effect of the decrease in staff costs, depreciation of right-of-use assets, the Government grants under Employment Support Scheme and the COVID-19 rent concessions received granted by landlords.

PLACING OF NEW SHARES

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.

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 June 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.

(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 June 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 (Notes 1 & 2)	210,000,000	39.77%
Mr. Chan Lin So Alan ("Mr. Chan")	Interest in a controlled corporation	210,000,000	39.77%

Name of Shareholder	Nature of interest/ holding capacity	Number of shares	Percentage of issued share capital of the Company
Mr. Yiu Koon Pong (“ Mr. Yiu ”)	Interest in a controlled corporation	210,000,000	39.77%
Waichun Logistics Technology Limited (“ Waichun Logistics ”)	Beneficial owner (<i>Notes 3 & 4</i>)	110,000,000	20.83%
Mr. Xian Hui	Interest in a controlled corporation	110,000,000	20.83%

Notes:

- (1) Global Succeed is the director 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 of the Company held by Global Succeed as at 30 June 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) During the period, 48,000,000 placing shares have been allotted and issued to not less than six places pursuant to the generate mandate of the Company on 30 April 2021 (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%. After the Placing, Mr. Chan, Mr. Yiu and Global Succeed still remain the controlling shareholders of the Company.
- (3) Waichun Logistics is the director shareholder of the Company. According to the information available to the Company, Waichun Logistics holds 110,000,000 shares of the Company as at 30 June 2021 and Waichun Logistics is beneficially owned by Mr. Xian Hui.
- (4) Subsequent to the Placing, the shareholding interests in the Company held by Waichun Logistics was diluted from approximately 22.92% to approximately 20.83%.

Save as disclosed above, as at 30 June 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.

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 three months ended 30 June 2021.

CODE OF CORPORATE GOVERNANCE PRACTICES

The Company endeavors to adopt prevailing best corporate governance practices. For the three months ended 30 June 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.

NON-COMPLIANCE WITH REQUIREMENTS UNDER RULES 5.05(1), 5.05(2), 5.28 AND 5.34 OF THE GEM LISTING RULES

Following the resignation of Mr. Ong King Keung (“**Mr. Ong**”) as independent non-executive Director on 11 May 2021, the Company only had two independent non-executive Directors and thus the number of the independent non-executive Directors fell below the minimum number required under Rule 5.05(1) of the GEM Listing Rules. According to Rule 5.05(2) of the GEM Listing Rules, at least one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise (the “**Qualification**”), and, there would be no independent non-executive Director who has the Qualification as required under Rule 5.05(2) of the GEM Listing Rules. The Company had also failed to comply with (i) the requirements set out in Rule 5.28 of the GEM Listing Rules that the audit committee must comprise a minimum of three members, at least one of whom is an independent non-executive director with the Qualification and must be chaired by an independent non-executive director; and (ii) the requirements set out in Rule 5.34 of the GEM Listing Rules that the remuneration committee must comprise a majority of independent non-executive directors.

Mr. Tang Yiu Kay (“**Mr. Tang**”), who has the Qualification, was appointed as an independent non-executive Director on 18 June 2021, which was within three months from the date of resignation of Mr. Ong as required by Rules 5.06 and 5.33 of the GEM Listing Rules.

Upon the appointment of Mr. Tang as independent non-executive Director on 18 June 2021, the Company has satisfied the requirements under Rule 5.05(1) and Rule 5.05(2) of the GEM Listing Rules. In addition, the Company had complied with the requirements set out under Rule 5.28 and Rule 5.34 of the GEM Listing Rules with regard to the composition of the audit committee and remuneration committee respectively.

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 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 three months ended 30 June 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Saved as disclosed above, 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 2021.

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. Tang Yiu Kay, Mr. Deng Guo Hong and Ms. Yuan Xiaoxi, 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 2021 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, 9 August 2021

As at the date hereof, the Board comprises Mr. Tam Chak Chi and Mr. Xu Xue as executive Directors; and Ms. Yuan Xiaoxi, Mr. Deng Guo Hong and Mr. Tang Yiu Kay as independent non-executive Directors.

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.