

The background of the entire page is composed of intricate, flowing blue lines that create a sense of movement and depth. These lines vary in density and color, ranging from light sky blue to a deeper cerulean, and they swirl and curve across the white space, framing the text.

**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)**

**2023**  
**First Quarterly**  
**Report**

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

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*This report, for which the directors (the “**Directors**”) of Ocean Star Technology 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.*

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 2023, together with the comparative unaudited figures for the corresponding period in year 2022 as follows:

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

For the three months ended 30 June 2023

	Note	For the three months ended 30 June	
		2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
<b>Revenue</b>	3	<b>9,832</b>	11,429
Cost of sales		<b>(2,361)</b>	(2,967)
<b>Gross profit</b>		<b>7,471</b>	8,462
Other (losses)/income		<b>(1,304)</b>	495
Selling expenses		<b>(4,862)</b>	(5,948)
Administrative and other operating expenses		<b>(6,492)</b>	(5,975)
Finance costs		<b>(236)</b>	(310)
Share of loss of an associate		–	(1)
<b>Loss before tax</b>		<b>(5,423)</b>	(3,277)
Income tax expense	4	–	–
<b>Loss for the period attributable to the owners of the Company</b>		<b>(5,423)</b>	(3,277)
<b>Other comprehensive income for the period, net of tax:</b>			
Item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		<b>(394)</b>	(450)
<b>Total comprehensive income for the period attributable to the owners of the Company</b>		<b>(5,817)</b>	(3,727)
<b>Loss per share</b>			
Basic (HK cents)	6(a)	<b>(0.54)</b>	(0.52)
Diluted (HK cents)	6(b)	<b>(0.54)</b>	(0.52)

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2023

	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 2022 (audited)	6,300	86,664	(34)	360	561	(87,248)	6,603
Loss and total comprehensive income for the period	-	-	-	(450)	-	(3,277)	(3,727)
At 30 June 2022 (unaudited)	6,300	86,664	(34)	(90)	561	(90,525)	2,876
At 1 April 2023 (audited)	<b>10,100</b>	<b>125,105</b>	<b>(34)</b>	<b>(552)</b>	<b>561</b>	<b>(121,968)</b>	<b>13,212</b>
Loss and total comprehensive income for the period	-	-	-	(394)	-	(5,423)	(5,817)
At 30 June 2023 (unaudited)	<b>10,100</b>	<b>125,105</b>	<b>(34)</b>	<b>(946)</b>	<b>561</b>	<b>(127,391)</b>	<b>7,395</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2023

## 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 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"); (2) provision of social influencer agency service through an online platform; and (3) money lending business.

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated results of the Group for the three months ended 30 June 2023 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.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2023

## 2. BASIS OF PREPARATION (Continued)

These condensed results should be read in conjunction with the annual financial statements for the year ended 31 March 2023. 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 2023.

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 2023. 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 during the period. An analysis of the Group's revenue for the period is as follows:

	<b>For the three months ended 30 June</b>	
	<b>2023 (Unaudited) HK\$'000</b>	2022 (Unaudited) HK\$'000
Products and services transferred at a point in time within the scope of HKFRS 15:		
Sales of lingerie products	<b>6,980</b>	8,985
Income from unused credit packages	<b>1,807</b>	2,282
Provision of beauty services	–	162
Provision of social influencers agency service through an online platform	<b>423</b>	–
	<b>9,210</b>	11,429
Revenue from other sources:		
Interest income from loan financing	<b>622</b>	–
	<b>9,832</b>	11,429

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2023

## 4. INCOME TAX EXPENSE

	For the three months ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Current tax:		
Hong Kong Profits Tax	–	–
PRC Enterprise Income Tax (“ <b>PRC EIT</b> ”)	–	–
Macao Complementary Tax	–	–
	–	–

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 2022: 16.5%) on the estimated assessable profits for the three months ended 30 June 2023. 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%. No provision for Hong Kong Profits Tax is made since the Group has no assessable profit for the three months ended 30 June 2023 (for the three months ended 30 June 2022: Nil).

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 2023.

PRC EIT has been provided at a rate of 25% (for the three months ended 30 June 2022: 25%) on the estimated assessable profit of those subsidiaries established in the PRC for the three months ended 30 June 2023. No provision for EIT is made since the Group has no assessable profit for the three months ended 30 June 2023 (for the three months ended 30 June 2022: Nil).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2023

## 5. DIVIDENDS

The Directors do not recommend the payment of a dividend for the three months ended 30 June 2023 (for the three months ended 30 June 2022: Nil).

## 6. LOSS PER SHARE

### (a) Basic loss per share

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

Loss	For the three months ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Loss for the purpose of calculating basic and diluted loss per share	<b>(5,423)</b>	(3,277)

Number of shares	For the three months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<b>1,010,000,000</b>	630,000,000

### (b) Diluted loss per share

No diluted loss per share is presented as the Company did not have any dilutive potential ordinary share during the three months ended 30 June 2023 and 2022 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 People's Republic of China (the "PRC") and Hong Kong. During the three months ended 30 June 2023 and up to the date of this report, the Group is principally engaged in the designing, manufacturing and sales of core lingerie products under the core brand of "Bodibra" and sub-brands, namely "June", "ooobiki", "Bodicare" and "invisi". During the period under review, the Group principally offers a wide range of the Group's 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; (2) provides social influencers agency service through an online platform; and (3) engages in money lending business.

During the period under review, the PRC, Hong Kong and Macau had released all the pandemic prevention measures and resumed customs clearance. The daily lives in these three regions have returned to normal. However, the consumer sentiment in Hong Kong remains weak, particularly in the sub-essential lingerie retail market. The economy of Hong Kong has not yet fully recovered, we anticipate that the economy will be recovered gradually. On the other hand, the economic environment in PRC has shown signs of improvement after releasing the pandemic prevention measures. We anticipate that the gradually improvement for the economies of PRC and Hong Kong will have positive impact on our business.

Looking forward, the Group (1) will closely monitor the economies and markets of PRC, Hong Kong and Macau and adjust our business strategy in a timely manner; and (2) will keep on tightening control over costs and other operating expenses. The Group is entering into the great health industry in order to diversify the Group's business base, increase income source and thus improve the long-term returns for the Group and its shareholders as a whole.

# MANAGEMENT DISCUSSION AND ANALYSIS

## REVENUE

During the period under review, the Group recorded a revenue of approximately HK\$9.8 million, which principally represents income derived from (1) the sale of lingerie products and unused credit packages; (2) provision of social influencer agency services through an online platform; and (3) interest income from loan financing, representing a decrease of approximately 14.0% compared with the revenue of approximately HK\$11.4 million recorded for the corresponding period in 2022 as a result of the decrease in sales volume in lingerie products due to weak consumer sentiment in Hong Kong.

## GROSS PROFIT MARGIN

Gross profit margin of the Group has increased from approximately 74.0% for the three months ended 30 June 2022 to approximately 76.0% for the three months ended 30 June 2023 as a result of the decrease in sales and staff cost.

## EXPENSES

Selling expenses during the period under review decreased by approximately HK\$1.1 million from approximately HK\$6.0 million for the three months ended 30 June 2022 to approximately HK\$4.9 million for the corresponding period in 2023, which was mainly attributable to the decrease in marketing expenses for the promotional activities and staff cost.

Administrative expenses increased by approximately HK\$0.5 million from approximately HK\$6.0 million for the three months ended 30 June 2022 to approximately HK\$6.5 million for the corresponding period in 2023, which is primarily due to the increase in depreciation of right-of-use assets and legal and professional fees.

## LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

Loss attributable to owners of the Company for the three months ended 30 June 2023 amounted to approximately HK\$5.4 million, compared to the loss to owners of the Company of approximately HK\$3.3 million recorded for the corresponding period in 2022. This was primarily due to the decrease in sales volume, the other losses of approximately HK\$1.3 million for the three months ended 30 June 2023 compared to the other income of approximately HK\$0.5 million for the three months ended 30 June 2022, and increase in depreciation of right-of-use asset.

# 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 2023, 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**

As at 30 June 2023, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to the Directors or chief executive of the Company, there is no person had, or was deemed or taken to have, an interest or short positions in the Shares or underlying Shares which would fall 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 who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying voting rights to vote in all circumstances at general meeting of any other member of the Group.

## 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.

# OTHER INFORMATION

## 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 2023.

## CODE OF CORPORATE GOVERNANCE PRACTICES

The Company endeavors to adopt prevailing best corporate governance practices. For the three months ended 30 June 2023, 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 C.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. On 13 July 2022, the Company appointed an executive director, Mr. Zheng Sihu, to perform the role of the chairman but the office of the chief executive is vacated. The roles and functions of chief executive officer have been performed by all the executive Directors collectively. The Board has appointed Ms. Chen Lizhu as the Chief Executive Officer of the Company with effect from 31 July 2023.

## 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 2023. 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 2023.

# OTHER INFORMATION

## **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 2023.

## **AUDIT COMMITTEE**

The financial information in this report has not been audited by the auditor of the Company. Pursuant to Rule 5.29 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. Tang Yiu Kay, Mr. Lai Kim Fung and Mr. Tong Zhu, 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 2023 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  
**Ocean Star Technology Group Limited**  
**Zheng Sihu**  
*Executive Director*

Hong Kong, 10 August 2023