

**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)**

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**INTERIM  
REPORT**

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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.*

# CORPORATE INFORMATION

## **BOARD OF DIRECTORS**

### **Executive Directors**

Mr. Tam Chak Chi

(resigned on 19 September 2023)

Mr. Xu Xue

Mr. Zheng Sihua (*Chairman*)

(appointed on 13 July 2022)

Mr. Chiu G Kiu Bernard

(appointed on 19 September 2023)

Ms. Chen Lizhu (*Chief Executive Officer*)

(appointed on 31 July 2023)

### **Independent Non-Executive Directors**

Mr. Tong Zhu

Mr. Tang Yiu Kay

Mr. Lai Kim Fung

## **BOARD COMMITTEES**

### **Audit Committee**

Mr. Tang Yiu Kay (*Chairman*)

Mr. Tong Zhu

Mr. Lai Kim Fung

### **Remuneration Committee**

Mr. Lai Kim Fung (*Chairman*)

Mr. Tam Chak Chi

(resigned on 19 September 2023)

Mr. Xu Xue

Mr. Tong Zhu

Mr. Tang Yiu Kay

Mr. Chiu G Kiu Bernard

(appointed on 19 September 2023)

### **Nomination Committee**

Mr. Lai Kim Fung (*Chairman*)

Mr. Tam Chak Chi

(resigned on 19 September 2023)

Mr. Xu Xue

Mr. Tong Zhu

Mr. Tang Yiu Kay

Mr. Chiu G Kiu Bernard

(appointed on 19 September 2023)

### **COMPLIANCE OFFICER**

Mr. Tam Chak Chi

(resigned on 19 September 2023)

Mr. Chiu G Kiu Bernard

(appointed on 19 September 2023)

### **COMPANY SECRETARY**

Mr. Tam Chak Chi

(resigned on 10 August 2023)

Mr. Chiu G Kiu Bernard

(appointed on 10 August 2023)

### **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

# CORPORATE INFORMATION

**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](http://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 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 six months ended 30 September 2023

	Note	For the three months ended 30 September		For the six months ended 30 September	
		2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
<b>Revenue</b>	5	<b>9,436</b>	10,176	<b>19,268</b>	21,605
Cost of sales		<b>(3,470)</b>	(4,060)	<b>(5,831)</b>	(7,027)
<b>Gross profit</b>		<b>5,966</b>	6,116	<b>13,437</b>	14,578
Other losses		<b>(672)</b>	(1,139)	<b>(1,976)</b>	(645)
Selling expenses		<b>(5,045)</b>	(5,610)	<b>(9,907)</b>	(11,557)
Administrative and other operating expenses		<b>(6,903)</b>	(5,952)	<b>(13,395)</b>	(11,927)
Finance costs		<b>(169)</b>	(340)	<b>(405)</b>	(650)
Share of loss of an associate		–	(7)	–	(8)
Loss before tax	6	<b>(6,823)</b>	(6,932)	<b>(12,246)</b>	(10,209)
Income tax expense	7	<b>(111)</b>	–	<b>(111)</b>	–
<b>Loss for the period attributable to the owners of the Company</b>		<b>(6,934)</b>	(6,932)	<b>(12,357)</b>	(10,209)
<b>Other comprehensive income for the period, net of tax:</b>					
Item that may be reclassified to profit or loss:					
Exchange difference on translating foreign operations		<b>132</b>	(464)	<b>(261)</b>	(914)
<b>Total comprehensive income for the period attributable to the owners of the Company</b>		<b>(6,802)</b>	(7,396)	<b>(12,618)</b>	(11,123)
<b>Loss per share</b>					
Basic (HK cents)	9(a)	<b>(0.69)</b>	(0.92)	<b>(1.22)</b>	(1.48)
Diluted (HK cents)	9(b)	<b>(0.69)</b>	(0.92)	<b>(1.22)</b>	(1.48)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2023

	Note	At 30 September 2023 (Unaudited) HK\$'000	At 31 March 2023 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	3,530	4,179
Right-of-use assets		10,416	15,889
Intangible assets		1,081	894
Investments in associates		–	–
Goodwill		1,600	1,600
Deposits	11	6,104	7,836
		<b>22,731</b>	30,398
<b>CURRENT ASSETS</b>			
Inventories		19,803	21,139
Trade and other receivables	11	9,678	6,222
Loan receivables		9,960	6,492
Financial assets at fair value through profit or loss	12	2,333	3,215
Amount due from a shareholder	13	173	173
Pledged bank deposits		201	200
Cash and bank balances		10,631	25,556
		<b>52,779</b>	62,997
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	6,259	6,256
Contract liabilities		56,732	56,642
Lease liabilities		8,424	10,417
Current tax liabilities		952	853
		<b>72,367</b>	74,168
<b>NET CURRENT LIABILITIES</b>		<b>(19,588)</b>	(11,171)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>3,143</b>	19,227

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2023

	Note	At 30 September 2023 (Unaudited) HK\$'000	At 31 March 2023 (Audited) HK\$'000
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		2,490	5,956
Deferred tax liabilities		59	59
		<b>2,549</b>	6,015
<b>NET ASSETS</b>			
		<b>594</b>	13,212
<b>EQUITY</b>			
Share capital	15	10,100	10,100
Reserves		(9,506)	3,112
<b>TOTAL EQUITY</b>		<b>594</b>	13,212

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 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
Issue of shares upon rights issue	2,700	24,300	-	-	-	-	27,000
Expenses incurred in connection with issue of shares upon rights issue	-	(986)	-	-	-	-	(986)
Loss and total comprehensive income for the period (unaudited)	-	-	-	(914)	-	(10,209)	(11,123)
At 30 September 2022 (unaudited)	9,000	109,978	(34)	(554)	561	(97,457)	21,494
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 (unaudited)	-	-	-	(261)	-	(12,357)	(12,618)
At 30 September 2023 (unaudited)	<b>10,100</b>	<b>125,105</b>	<b>(34)</b>	<b>(813)</b>	<b>561</b>	<b>(134,325)</b>	<b>594</b>

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2023

	<b>For the six months ended 30 September</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Net cash used in operating activities	<b>(7,505)</b>	(18,028)
Net cash used in investing activities	<b>(382)</b>	(2,038)
Net cash (used in)/generated from financing activities	<b>(6,679)</b>	18,912
Net decrease in cash and cash equivalents	<b>(14,566)</b>	(1,154)
Cash and cash equivalents at beginning of period	<b>25,556</b>	21,897
Effect of foreign exchange rate changes	<b>(359)</b>	(1,014)
Cash and cash equivalents at end of period	<b>10,631</b>	19,729
Analysis of cash and cash equivalents:		
Cash and bank balances	<b>10,631</b>	19,729

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 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 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 social influencers agency services through an online platform; and (3) money lending business.

## 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 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 except as described in note 3 below.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

## 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 2023.

A number of new standards are effective from 1 January 2023 but they do not have material impact on the Group's unaudited condensed consolidated financial statements.

## 4. OPERATING SEGMENT INFORMATION

Information reported to the Directors being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on the category of services and products provided to external customers. 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.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The Group's other operating segments include provision of social influencers agency services through an online platform and money lending business. None of these segments meets any of the quantitative thresholds for determining reportable segments. The information of these other operating segments together with unallocated items are included in the "others" column.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

## 4. OPERATING SEGMENT INFORMATION (Continued)

### Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments.

#### For the six months ended 30 September 2023

	Lingerie products HK\$'000	Others HK\$'000	Total HK\$'000
Revenue – External customers	18,059	1,209	19,268
Segment results	12,228	1,209	13,437
Unallocated income and expenses, net			(25,683)
Loss before tax			(12,246)

#### For the six months ended 30 September 2022

	Lingerie products HK\$'000	Others HK\$'000	Total HK\$'000
Revenue – External customers	21,312	293	21,605
Segment results	14,311	267	14,578
Unallocated income and expenses, net			(24,787)
Loss before tax			(10,209)

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

## Other segment information

The following is an analysis of the amounts included in the measure of segment information.

### At 30 September 2023

	Lingerie products HK\$'000	Others HK\$'000	Total HK\$'000
Additions of property, plant and equipment	23	66	89
Depreciation of property, plant and equipment	606	126	732
Depreciation of right-of-use assets	4,547	1,744	6,291
Additions of intangible assets	–	303	303
Amortisation of intangible assets	–	116	116

### At 31 March 2023

	Lingerie products HK\$'000	Others HK\$'000	Total HK\$'000
Additions of property, plant and equipment	1,426	2,085	3,511
Depreciation of property, plant and equipment	1,553	855	2,408
Depreciation of right-of-use assets	10,944	2,658	13,602
Addition of intangible assets	–	389	389
Amortisation of intangible assets	–	63	63

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

## Geographical information

The Group's revenue from external customers by location of operations and information about its non-current assets (excluding intangible assets, investments in associates, goodwill and deposits) by location of assets are as follows:

	Revenue		Non-current assets	
	For the six months ended 30 September	2022	At 30 September	At 31 March
	2023	2022	2023	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	17,610	19,809	11,830	16,910
Macau	1,553	1,617	1,544	713
The PRC (other than Hong Kong and Macau)	105	179	572	2,445
	<b>19,268</b>	21,605	<b>13,946</b>	20,068

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

## 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	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (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	7,439	8,457	14,970	18,319
Provision of beauty services	–	131	–	293
Provision of social influencers agency services through an online platform	117	–	539	–
Income from unused credit packages	1,310	1,588	2,567	2,993
	<b>8,866</b>	10,176	<b>18,076</b>	21,605
Revenue from other sources				
Interest income from loan financing	570	–	1,192	–
	<b>9,436</b>	10,176	<b>19,268</b>	21,605

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

## 6. LOSS BEFORE TAX

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

	For the three months ended		For the six months ended	
	30 September		30 September	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Directors' emoluments	835	521	1,356	911
Other staff costs:				
Salaries, bonuses and allowances	4,670	5,644	9,368	11,147
Retirement benefit scheme contributions	230	326	459	700
<b>Total staff costs</b>	<b>5,735</b>	<b>6,491</b>	<b>11,183</b>	<b>12,758</b>
Cost of inventories recognised as an expense	3,470	4,060	5,831	7,027
Depreciation:				
– Property, plant and equipment	352	572	732	1,141
– Right-of-use of assets	2,903	3,433	6,291	6,524
Net foreign exchange loss	7	19	26	47
Unrealised losses on financial assets at FVTPL	675	1,460	1,650	2,630
Operating lease charges on land and buildings:				
– Contingent rentals	50	26	86	38

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

## 7. INCOME TAX EXPENSE

	For the three months ended		For the six months ended	
	30 September		30 September	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Current tax:				
Hong Kong Profits Tax	111	-	111	-
Macao Complementary Tax	-	-	-	-
PRC Enterprise Income Tax ("EIT")	-	-	-	-
	111	-	111	-

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 and six months ended 30 September 2022: 16.5%) on the estimated assessable profits for the three and six months ended 30 September 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%.

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 2023.

PRC EIT has been provided at a rate of 25% (for the three and six months ended 30 September 2022: 25%) on the estimated assessable profit of those subsidiaries established in the PRC for the three and six months ended 30 September 2023.

## 8. DIVIDENDS

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

## 9. 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 September		For the six months ended 30 September	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the purpose of calculating basic and diluted loss per share	(6,934)	(6,932)	(12,357)	(10,209)

Number of shares	For the three months ended 30 September		For the six months ended 30 September	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	1,010,000,000	753,260,870	1,010,000,000	691,967,213

### (b) Diluted loss per share

No diluted loss 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 2023

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2023, the Group acquired property, plant and equipment of approximately HK\$89,000 (six months ended 30 September 2022: approximately HK\$1,847,000).

## 11. TRADE AND OTHER RECEIVABLES

	At 30 September 2023 (Unaudited) HK\$'000	At 31 March 2023 (Audited) HK\$'000
Trade receivables	328	276
Prepayments	3,002	1,956
Rental deposits	5,590	6,012
Other deposits	5,804	5,525
Other receivables	1,331	562
	<b>16,055</b>	14,331
Allowance for other receivables	<b>(273)</b>	(273)
	<b>15,782</b>	14,058
Analysed as:		
Current assets	<b>9,678</b>	6,222
Non-current assets	<b>6,104</b>	7,836
	<b>15,782</b>	14,058

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

	At 30 September 2023 (Unaudited) HK\$'000	At 31 March 2023 (Audited) HK\$'000
0–30 days	<b>328</b>	276

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

## 12. FINANCIAL ASSETS AT FVTPL

	<b>At 30 September 2023 (Unaudited) HK\$'000</b>	At 31 March 2023 (Audited) HK\$'000
Equity securities listed in United States, at fair value	<b>2,333</b>	3,215

The below table reconciled the movement of financial assets at FVTPL during the six months ended 30 September 2023:

	HK\$'000
At 1 April 2023 (Audited)	3,215
Additions	781
Exchange realignment	(13)
Changes in fair value	(1,650)
<b>At 30 September 2023 (Unaudited)</b>	<b>2,333</b>

The equity securities listed in United States are held for trading purpose and are measured at FVTPL. The investments in listed equity securities that offer the Group the opportunity for return through dividend income and fair values gains. They have no fixed maturity or coupon rate. The fair values of listed securities are based on current bid prices.

## 13. AMOUNT DUE FROM A SHAREHOLDER

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

## 14. TRADE AND OTHER PAYABLES

	<b>At 30 September 2023 (Unaudited) HK\$'000</b>	At 31 March 2023 (Audited) HK\$'000
Trade payables	<b>500</b>	489
Accruals and other payables	<b>5,759</b>	5,767
	<b>6,259</b>	6,256

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

	<b>At 30 September 2023 (Unaudited) HK\$'000</b>	At 31 March 2023 (Audited) HK\$'000
0–60 days	<b>500</b>	489

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

## 15. SHARE CAPITAL

	Number of shares	Amount HK\$'000
<b>Authorised:</b>		
Ordinary shares of HK\$0.01 each At 1 April 2021, 31 March 2022, 1 April 2022, 31 March 2023 (audited) and 30 September 2023 (unaudited)	4,000,000,000	40,000
<b>Issued and fully paid:</b>		
Ordinary shares of HK\$0.01 each At 1 April 2023 (audited) and 30 September 2023 (unaudited)	1,010,000,000	10,100

## 16. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 September 2023 (31 March 2023: Nil).

## 17. CAPITAL COMMITMENTS

The Group did not have any significant capital commitments as at 30 September 2023 (31 March 2023: 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 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 international political, social and economic environment factors are uncertain and interest rate hike in the United States and its high interest rate policy will continue for a period of time. In the face of global political and economic instability and the tightening monetary policy in the United States, the economies of the PRC, Hong Kong and Macau have not recovered as robustly as expected, which has directly affected local consumer sentiment and the overall local retail consumption market. The business environment is expected to remain challenging as consumer confidence in Hong Kong remains weak, especially in the sub-essential lingerie retail sector.

Looking forward, the Group (1) will closely monitor the impact of the global political and economic situation on the economies of the PRC, Hong Kong and Macau and adjust its business strategy and proportions in a timely manner; (2) continue to strengthen cost management and improve overall operating efficiency, including optimizing its lingerie sales network coverage; and (3) achieve diversification of the Group's business base to increase income source. Among which, the Group is entering into the great health industry to enable the Group to withstand changes in the global and local political and economic environment, thereby enhancing the overall interests of the Group and its shareholders.

# MANAGEMENT DISCUSSION AND ANALYSIS

## REVENUE

During the reporting period, the Group's revenue principally derived from (1) sales of lingerie products of approximately HK\$17.6 million, representing a decrease of approximately 17.7% as compared to the corresponding period in year 2022; (2) provision of social influencers agency services through an online platform of approximately HK\$0.5 million; and (3) money lending business which generated interest income of approximately HK\$1.2 million. The total revenue of the Group decreased from approximately HK\$21.6 million for the six months ended 30 September 2022 to approximately HK\$19.3 million as a result of weak retail sales caused by the COVID-19 pandemic and weak consumer sentiment in Hong Kong.

## COST OF SALES AND GROSS PROFIT

The Group's cost of sales recorded approximately HK\$5.8 million for the six months ended 30 September 2023 (2022: approximately HK\$7.0 million), representing a decrease of approximately 17.1% as compared to the corresponding period in year 2022. The decrease in cost of sales was mainly due to the decrease in staff costs.

The gross profit decreased by approximately 8.2% from approximately HK\$14.6 million for the six months ended 30 September 2022 to approximately HK\$13.4 million for the corresponding period in year 2023.

## EXPENSES

Selling expenses during the reporting period decreased by approximately HK\$1.7 million from approximately HK\$11.6 million for the six months ended 30 September 2022 to approximately HK\$9.9 million for the corresponding period in year 2023, which was mainly due to the decrease in staff costs and the depreciation of right-of-use assets recorded pursuant to HKFRS 16.

Administrative expenses and other operating expenses increased by approximately HK\$1.4 million from approximately HK\$12.0 million for the six months ended 30 September 2022 to approximately HK\$13.4 million for the corresponding period in year 2023, primarily due to the increase in legal and professional fee and depreciation of right-of-use assets recorded pursuant to HKFRS 16.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY**

Loss attributable to owners of the Company for the six months ended 30 September 2023 amounted to approximately HK\$12.4 million, whereas there was a loss attributable to owners of the Company of approximately HK\$10.2 million recorded for the corresponding period in year 2022. This was primarily due to the decrease in sales volume and increase in legal and professional fee and and the net effect of depreciation of right-of-use assets recorded pursuant to HKFRS 16.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 September 2023, the Group had net current liabilities of approximately HK\$19.6 million (31 March 2023: approximately HK\$11.2 million). The Group had cash and cash equivalents of approximately HK\$10.6 million (31 March 2023: approximately HK\$25.6 million).

## **CAPITAL STRUCTURE**

There has been no change in the capital structure of the Company since 1 April 2023 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 2023, the Group's gearing ratio was Nil (31 March 2023: 70%).

## **SIGNIFICANT INVESTMENTS/MATERIAL ACQUISITIONS AND DISPOSALS**

There was no significant investment held by the Company or material acquisition and disposal of subsidiaries, associates and joint ventures made by the Company during the period.

## **DIVIDEND**

Details of the dividend are set out in the Note 8 to the Interim Financial Statements.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **EMPLOYEE AND REMUNERATION POLICIES**

As at 30 September 2023, the Group had 67 (31 March 2023: 114) 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 administered 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.

## **CAPITAL COMMITMENTS**

The Group did not have any significant capital commitments as at 30 September 2023 (31 March 2023: Nil).

## **PLEDGE OF ASSETS**

The Group did not have any other mortgage or charge over its assets as at 30 September 2023 and 31 March 2023, except for the pledged bank deposits to secure business card of the Group.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

Save as disclosed in this report, as at 30 September 2023, the Group does not have any definite future plans for material investment or 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 2023 and consider that the foreign currency risk is minimal.

# MANAGEMENT DISCUSSION AND ANALYSIS

## CONTINGENT LIABILITIES

As at 30 September 2023, the Group did not have any material contingent liabilities or guarantees.

## FUND-RAISING ACTIVITIES AND USE OF PROCEEDS

### Rights issue completed on 19 August 2022 (the "Rights Issue")

On 17 June 2022, the Company announced the Rights Issue. The reasons for the Rights Issue was, among others, to allow additional funding to strengthen the financial position of the Group and to implement the strategies to expand the Group's existing business through tapping into the online e-commerce market and/or expanding offline retailing sales channel. On 19 August 2022, the Company completed the Rights Issue and issued 270,000,000 rights shares at the subscription price of HK\$0.1 per rights share (and the net price of approximately HK\$0.096 per rights share). The aggregate nominal value of the rights shares amounted to HK\$2,700,000 based on the par value of HK\$0.01. The market price per share of the Company was HK\$0.170 as quoted on 17 June 2022, being the date of the announcement regarding the Rights Issue. The gross and net proceeds from the Rights Issue after deducting the expenses involved were HK\$27.0 million and approximately HK\$26.0 million respectively. Details were set out in the Company's announcements dated 17 June 2022 and 19 August 2022 and the Company's prospectus dated 29 July 2022. The Company intended to use the net proceeds for (i) financing the expansion of the Group's business and (ii) general working capital of the Group.

<b>Intended use of net proceeds from the Rights Issue</b>	<b>Planned use of proceeds</b>	<b>Actual use of net proceeds up to 30 September 2023</b>	<b>Unused total net proceeds as at 30 September 2023</b>
	HK\$ million (approximately)	HK\$ million (approximately)	HK\$ million (approximately)
Expansion of the Group's business	20.8	20.8	-
Working capital	5.2	5.2	-
	26.0	26.0	-

# MANAGEMENT DISCUSSION AND ANALYSIS

## Placing completed on 20 March 2023 (the “Placing”)

Reference is made to the announcements issued by the Company on 23 February 2023 and 20 March 2023 in relation to the placing of new shares under the general mandate.

On 23 February 2023, the Group and a placing agent entered into a placing agreement pursuant to which the Company has conditionally agreed to place through the placing agent, on a best effort basis, up to 120,000,000 placing shares at the placing price of HK\$0.15 per placing shares to not less than six placees who and whose beneficial owners shall be independent third parties. The reason for the Placing was to, among others, broaden shareholder and capital base as well as to strengthen the financial position of the Group for its long-term development and growth. The market price per share of the Company was HK\$0.132 as quoted on the Stock Exchange on 23 February 2023, being the agreement date of the Placing.

The Placing was completed on 20 March 2023. An aggregate of 110,000,000 placing shares (the aggregate nominal value of which amounted to HK\$1,100,000 based on the par value of HK\$0.01) have been successfully placed to not less than six placees with gross and net proceeds of approximately HK\$16.5 million (equivalent to approximately HK\$0.150 per placing share) and HK\$16.2 million (equivalent to approximately HK\$0.1473 per placing share) as set out in the Company’s announcement dated 20 March 2023. The Company intended to use the proceeds for (i) expansion of the Group’s business and (ii) general working capital of the Group.

	Planned use of proceeds as described in the announcement dated	Actual use of net proceeds up to	Unused total net proceeds as at	Expected timeline for utilizing the remaining net proceeds
	20 March 2023	30 September 2023	30 September 2023	
Use of net proceeds from the Placing	HK\$ million	HK\$ million	HK\$ million	
Expansion of the Group's business	9.0	2.0	7.0	On or before 30 June 2024
Working capital	7.2	7.0	0.2	On or before 31 December 2023
	16.2	9.0	7.2	

# OTHER INFORMATION

## UPDATE ON INFORMATION OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES UNDER RULE 17.50A(1) OF THE GEM LISTING RULES

<b>Name</b>	<b>Change</b>
Ms. Chen Lizhu	Ms. Chen has been appointed as an executive Director and the Chief Executive Officer of the Company with effect from 31 July 2023.
Mr. Tam Chak Chi	Mr. Tam has ceased to be (i) the company secretary of the Company with effect from 10 August 2023; and (ii) an executive Director, a member of each of the remuneration committee and the nomination committee of the Board, an Authorised Representative and the compliance officer of the Company with effect from 19 September 2023.
Mr. Chiu G Kiu Bernard	Mr. Chiu has been appointed as (i) the company secretary of the Company with effect from 10 August 2023; and (ii) an executive Director, a member of each of the remuneration committee and the nomination committee of the Board, an Authorised Representative and the compliance officer of the Company with effect from 19 September 2023. Further details of the appointment can be found in the announcement of the Company dated 19 September 2023.

Save as disclosed above, there is no other information in respect of Directors, supervisors and chief executives required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

# 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 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 and other persons 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 other person (other than the Directors or chief executives as disclosed in the paragraph headed "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures of the Company and its associated corporations" above) 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 5% 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.

# 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 of the Company dated 26 June 2017.

Since the adoption of the Share Option Scheme and up to the date of this report, no share option had been granted by the Company under the Share Option Scheme. The number of share options available for grant under the scheme mandate as at 1 April 2023 and 30 September 2023 were 48,000,000 Shares and 48,000,000 Shares, respectively.

## 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 2023.

## CODE OF CORPORATE GOVERNANCE PRACTICES

The Company endeavors to adopt prevailing best corporate governance practices. For the six months ended 30 September 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 Part 2 of 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 Sihui, to perform the role of the chairman and the roles and functions of chief executive officer have been performed by all the executive Directors collectively. On 31 July 2023, Ms. Chen Lizhu was appointed as an executive Director to perform the role of the chief executive officer.

# 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 had complied with the Code of Conduct and Required Standard Dealings during the six months ended 30 September 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 six months ended 30 September 2023.

## **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 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. Lai Kim Fung, Mr. Tang Yiu Kay and Mr. Tong Zhu, being the independent non-executive Directors.

## **REVIEW OF INTERIM FINANCIAL RESULTS**

The Audit Committee reviewed the unaudited condensed consolidated results of the Company for the six months ended 30 September 2023 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.

# OTHER INFORMATION

## IMPORTANT EVENTS AFTER REVIEW PERIOD

Reference is made to the announcement issued by the Company on 3 November 2023 in relation to the placing of new shares under the general mandate.

On 3 November 2023, the Group and a placing agent entered into a placing agreement with a long stop date of 27 November 2023 pursuant to the which the Company has conditionally agreed to place through the placing agent, on a best effort basis, up to 200,000,000 placing shares at the placing price of HK\$0.20 per placing shares to not less than six places who and whose beneficial owners shall be independent third parties. Assuming that all the Placing Shares are successfully placed, the estimated gross proceeds and net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Placing will amount to HK\$40.0 million and approximately HK\$39.7 million, respectively. The Company intends to apply the maximum net proceeds of HK\$39.7 million (i) as to HK\$15.9 million for the development of great health business; (ii) as to HK\$11.9 million for the operation and business enhancement of lingerie products segment; and (iii) as to HK\$11.9 million for general working capital. The net price to the Company of each Placing Share will be approximately HK\$0.1985. The aggregate nominal value of the maximum number of the placing shares under the placing will be HK\$2,000,000 based on the par value of HK\$0.01. The market price per share of the Company was HK\$0.236 as quoted on the Stock Exchange on 3 November 2023, being the agreement date of the placing.

The reason for the placing was to, among others, raise additional funding to strengthen the Company's financial position as well as to enlarge the shareholding base of the Company within a relatively shorter time frame and at a lower cost compared with other means of fund-raising.

By order of the Board  
**Ocean Star Technology Group Limited**  
**Zheng Sihu**  
*Chairman and Executive Director*

Hong Kong, 9 November 2023