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Regina Miracle International (Holdings) Limited
維珍妮國際(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2199)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020

FINANCIAL HIGHLIGHTS

	Year ended 31 March		
	2020	**2019**	**Change**
	HK$'000	*HK$'000*	
Revenue	6,341,010	6,263,280	1.2%
Gross profit	1,440,731	1,341,945	7.4%
Profit attributable to owners of the Company	289,953	282,438	2.7%
Earnings before interest, taxes, depreciation and amortisation ("EBITDA")#	969,745	745,856	30.0%
Gross profit margin (%)	22.7%	21.4%	+1.3pp
Net profit margin (%)	4.6%	4.5%	+0.1pp
Earnings before interest, taxes, depreciation and amortisation margin (%)	15.3%	11.9%	+3.4pp
	HK cents	*HK cents*	
Earnings per share – basic and diluted	23.7	23.1	
Dividend per share	7.8	7.6	
– *Interim dividend*	*3.8*	*3.6*	
– *Proposed final dividend*	*4.0*	*4.0*	

Earnings before interest, taxes, depreciation and amortisation is not a measure of performance under Hong Kong Financial Reporting Standards ("**HKFRS**"), but is widely used by management for monitoring business performance of a company from operational perspective. It may not be comparable to similar measures presented by other companies.

ANNUAL RESULTS

The board of directors (the "**Board**") of Regina Miracle International (Holdings) Limited ("**Regina Miracle**" or the "**Company**") is pleased to announce the annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2020 ("**Fiscal 2020**"), together with the comparative figures for the corresponding year in 2019 ("**Fiscal 2019**"), as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2020

	Note	**2020** *HK$'000*	2019 *HK$'000*
Revenue	*3*	**6,341,010**	6,263,280
Cost of sales	*5*	**(4,900,279)**	(4,921,335)
Gross profit		**1,440,731**	1,341,945
Other income and other gains, net	*4*	**65,880**	28,359
Distribution and selling expenses	*5*	**(164,533)**	(155,329)
General and administrative expenses	*5*	**(664,527)**	(619,006)
Research and development costs	*5*	**(203,911)**	(205,070)
		473,640	390,899
Finance income	*6*	**2,281**	1,316
Finance costs	*6*	**(162,819)**	(90,182)
Finance costs, net		**(160,538)**	(88,866)
Profit before income tax		**313,102**	302,033
Income tax expense	*7*	**(23,149)**	(19,595)
Profit for the year attributable to owners of the Company		**289,953**	282,438
Earnings per share for profit attributable to owners of the Company (expressed in HK cents per share)			
– Basic and diluted	*8*	**23.7**	23.1

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2020

	2020	2019
	HK$'000	*HK$'000*
Profit for the year	**289,953**	282,438
Other comprehensive loss:		
Items that have been reclassified or may be subsequently reclassified to profit or loss		
Currency translation differences	**(203,332)**	(133,151)
Fair value gain/(loss) on insurance policy investments	**5,540**	(1,272)
Fair value change on trade receivables carried at fair value through other comprehensive income ("**FVOCI**"), net	**(11)**	163
Other comprehensive loss for the year, net of tax	**(197,803)**	(134,260)
Total comprehensive income attributable to owners of the Company	**92,150**	148,178

CONSOLIDATED BALANCE SHEET
As at 31 March 2020

	Note	2020 HK$'000	2019 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**4,611,413**	4,174,055
Leasehold land and land use rights		**–**	252,289
Right-of-use assets		**466,590**	–
Intangible assets		**47,923**	49,670
Insurance policy investments		**130,110**	76,130
Deposits and prepayments		**26,470**	144,878
Deferred income tax assets		**6,348**	–
		5,288,854	4,697,022
Current assets			
Inventories		**1,096,605**	893,896
Trade receivables	*10*	**718,896**	814,715
Deposits, prepayments and other receivables		**43,041**	81,509
Tax recoverable		**16**	927
Cash and cash equivalents		**587,616**	466,436
		2,446,174	2,257,483
Total assets		**7,735,028**	6,954,505
EQUITY			
Equity attributable to owners of the Company			
Share capital		**95,247**	95,247
Reserves		**2,822,748**	2,828,926
Total equity		**2,917,995**	2,924,173

	Note	2020 HK$'000	2019 HK$'000
LIABILITIES			
Non-current liabilities			
Borrowings		**2,852,437**	2,166,533
Other payables		**12,792**	5,549
Lease liabilities		**63,129**	–
Deferred income tax liabilities		**4,039**	5,927
		2,932,397	2,178,009
Current liabilities			
Trade payables	*11*	**385,300**	378,379
Accruals and other payables		**655,706**	606,994
Lease liabilities		**99,701**	–
Borrowings		**737,568**	857,565
Current income tax liabilities		**6,361**	9,385
		1,884,636	1,852,323
Total liabilities		**4,817,033**	4,030,332
Total equity and liabilities		**7,735,028**	6,954,505

NOTES

1 GENERAL INFORMATION

Regina Miracle International (Holdings) Limited (the "**Company**") was incorporated in the Cayman Islands on 21 September 2010 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The Company has its primary listing on The Stock Exchange of Hong Kong Limited. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacturing and trading of bras, intimate wear, bra pads, other molded products and functional sports products.

These consolidated financial statements are presented in thousands of Hong Kong Dollar ("**HK$'000**"), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the Group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of trade receivables carried at FVOCI and insurance policy investments which are carried at fair values.

The preparation of these consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity or areas when assumptions and estimates are significant to the consolidated financial statements.

(a) New and amended standards and new interpretation adopted by the Group

The Group has applied the following new and amended standards and new interpretation for the first time for their annual reporting period commencing 1 April 2019:

Amendments to Annual Improvement Project	Annual Improvements 2015-2017 Cycle
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments

The Group had to change its accounting policies as a result of adoption of HKFRS 16. The Group elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 April 2019. This is disclosed in Note 2.2. The adoption of other amended standards and new interpretation did not have any material impact on the current period or any prior periods.

(b) New and amended standards and conceptual framework not yet adopted by the Group

The following new and amended standards and conceptual framework have been issued that are not mandatory for financial year ended 31 March 2020 and have not been early adopted by the Group:

HKAS 1 and HKAS 8 (Amendment)	Definition of Material	1 April 2020
HKFRS 3 (Amendment)	Definition of a Business	1 April 2020
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Hedge accounting	1 April 2020
HKFRS 17	Insurance Contracts	1 April 2022
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	1 April 2020

The Group will adopt the new and amended standards and conceptual framework when they become effective. The Group has already commenced an assessment of the related impact of adopting the above new and amended standards and conceptual framework, none of which is expected to have a significant effect on the consolidated financial statements of the Group.

2.2 Change of accounting policies

This note explains the impact of the adoption of HKFRS 16 "Leases" on the Group's consolidated financial statements.

As indicated in Note 2.1(a) above, the Group has adopted HKFRS 16 retrospectively from 1 April 2019, but has not restated comparatives for the year ended 31 March 2019, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening consolidated balance sheet on 1 April 2019.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 "Leases". These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 5.2% per annum.

(a) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 April 2019
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and Interpretation 4 "Determining whether an Arrangement contains a Lease".

(b) Measurement of lease liabilities

	2019 *HK$'000*
Operating lease commitments disclosed as at 31 March 2019	249,432
Discounted using the lessee's incremental borrowing rate of at the date of initial application	221,869
(Less): short-term leases recognised on a straight-line basis as expenses	(20,747)
Lease liabilities recognised as at 1 April 2019	201,122
Of which are:	
Current lease liabilities	71,888
Non-current lease liabilities	129,234
	201,122

(c) Measurement of right-of-use assets

Right-of-use assets of the leases were measured at the amount equal to the lease liabilities as at the date at which leased assets are available for use by the Group. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis from date of recognition and lease liabilities are measured at the net present values of the remaining lease payments. As at 1 April 2019, the balance of right-of-use assets were adjusted by the reclassification of leasehold land and land use rights which previously presented as a separate item on the consolidated balance sheet as at 31 March 2019. Any prepaid or accrued lease payments relating to these leases recognized in the consolidated balance sheet were adjusted to the retained earnings as at 1 April 2019.

(d) Adjustments recognised in the consolidated statement of financial position on 1 April 2019

The change in accounting policy affected the following items in the consolidated balance sheet on 1 April 2019. Line items that were not affected by the changes have not been included.

	31 March 2019 as originally presented	Effects of the adoption of HKFRS 16	1 April 2019 Restated
	HK$'000	*HK$'000*	*HK$'000*
Consolidated balance sheet (extract)			
Non-current assets			
Leasehold land and land use rights	252,289	(252,289)	–
Right-of-use assets	–	439,189	439,189
Deferred income tax assets	–	782	782
Current liabilities			
Lease liabilities	–	71,888	71,888
Accruals and other payables	606,994	(10,604)	596,390
Non-current liabilities			
Lease liabilities	–	129,234	129,234
Equity			
Retained profits	1,158,023	(2,836)	1,155,187

3 SEGMENT INFORMATION

The executive directors of the Company (the "**Executive Directors**") are the Group's chief operating decision-makers. Management has determined the operating segments based on the information reviewed by the Executive Directors for the purposes of allocating resources and assessing performance.

The Executive Directors review the performance of the Group mainly from the product perspective. The Group is organised into three segments engaged in the manufacturing and trading of:

(i) Bras and intimate wear;

(ii) Bra pads and other molded products; and

(iii) Functional sports products.

The Executive Directors assess the performance of the operating segments based on a measure of gross profit of each segment, which is consistent with that of the financial statements. Finance income and finance cost are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group. Other information, as noted below, is also provided to the Executive Directors. The revenue reported to the Executive Directors is measured in a manner consistent with that in the consolidated income statement.

The Company is domiciled in Hong Kong.

The segment results for the year ended 31 March 2020 are as follows:

	Bras and intimate wear *HK$'000*	**Bra pads and other molded products** *HK$'000*	**Functional sports products** *HK$'000*	**Total** *HK$'000*
Total segment revenue (Recognised at a point in time)	**5,061,431**	**677,093**	**602,486**	**6,341,010**
Gross profit/segment results	**1,183,845**	**144,221**	**112,665**	**1,440,731**
Other income and other gains, net				**65,880**
Distribution and selling expenses				**(164,533)**
General and administrative expenses				**(664,527)**
Research and development costs				**(203,911)**
Finance income				**2,281**
Finance costs				**(162,819)**
Profit before income tax				**313,102**
Income tax expense				**(23,149)**
Profit for the year				**289,953**

Other segment item included in the consolidated income statement for the year ended 31 March 2020 is as follows:

Depreciation for property, plant and equipment and right-of-use assets included in cost of sales	**267,295**	**46,781**	**35,326**	**349,402**

The segment results for the year ended 31 March 2019 are as follows:

	Bras and intimate wear *HK$'000*	Bra pads and other molded products *HK$'000*	Functional sports products *HK$'000*	Total *HK$'000*
Total segment revenue (Recognised at a point in time)	4,874,609	530,890	857,781	6,263,280
Gross profit/segment results	1,070,262	111,617	160,066	1,341,945
Other income and other gains, net				28,359
Distribution and selling expenses				(155,329)
General and administrative expenses				(619,006)
Research and development costs				(205,070)
Finance income				1,316
Finance costs				(90,182)
Profit before income tax				302,033
Income tax expense				(19,595)
Profit for the year				282,438

Other segment item included in the consolidated income statement for the year ended 31 March 2019 is as follows:

	Bras and intimate wear *HK$'000*	Bra pads and other molded products *HK$'000*	Functional sports products *HK$'000*	Total *HK$'000*
Depreciation for property, plant and equipment included in cost of sales	173,345	40,449	31,269	245,063

Revenue from external customers based on the destination of the customers are as follows:

	2020 ***HK$'000***	2019 *HK$'000*
United States	**2,895,464**	3,040,918
The PRC	**820,716**	786,826
Europe	**745,060**	732,081
Hong Kong	**311,041**	340,982
Japan	**753,398**	568,945
Korea	**101,904**	140,001
South-east Asia *(Note a)*	**274,636**	261,009
South Asia *(Note b)*	**93,064**	63,235
Other countries/regions *(Note c)*	**345,727**	329,283
	6,341,010	6,263,280

Note a: Includes Malaysia, Indonesia, Singapore, Philippines, Vietnam and Thailand.

Note b: Includes Bangladesh, Sri Lanka and India.

Note c: Include Taiwan, Turkey, Australia, Colombia and others.

No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the Executive Directors.

Non-current assets, other than deferred tax assets and insurance policy investments, of the Group are located in the following geographical areas:

	2020	2019
	HK$'000	*HK$'000*
The PRC	**854,676**	884,770
Hong Kong	**55,115**	47,234
Vietnam	**4,242,605**	3,688,888
	5,152,396	4,620,892

4 OTHER INCOME AND OTHER GAINS, NET

	2020	2019
	HK$'000	*HK$'000*
Other income		
Scrap sales income	**9,791**	7,883
Government grants *(Note)*	**53,891**	17,662
Others	**2,118**	2,660
	65,800	28,205
Other gains, net		
Gain on disposal of insurance policy investments	**80**	154
	65,880	28,359

Note:

The government grants obtained mainly represents technical innovation subsidies. There are no unfulfilled conditions or other contingencies attaching to these grants.

5 EXPENSES BY NATURE

	2020	2019
	HK$'000	*HK$'000*
Amortisation of leasehold land and land use rights	**–**	6,943
Amortisation of intangible assets	**9,273**	8,772
Depreciation of property, plant and equipment	**401,035**	339,242
Depreciation of right-of-use assets	**85,797**	–

6 FINANCE COSTS, NET

	2020	2019
	HK$'000	*HK$'000*
Finance income		
– interest income on bank deposits	2,281	1,316
Finance costs		
– interest expense on bank borrowings	(130,700)	(85,526)
– factoring interests and charges	(30,181)	(29,531)
– interest expense on lease liabilities	(9,145)	–
– unwinding interest	(5,994)	–
	(176,020)	(115,057)
Less: interest expenses capitalised on qualifying assets *(Note)*	13,201	24,875
	(162,819)	(90,182)
Finance costs, net	(160,538)	(88,866)

Note:

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's borrowings during the year, which is 4.0% per annum (2019: 3.6%).

7 INCOME TAX EXPENSE

For the year ended 31 March 2020, the Group is eligible to nominate one Hong Kong incorporated entity in the Group to be chargeable at the two tiered profits tax rates, whereby profits tax will be chargeable on the first HK$2 million of assessable profits at 8.25% and assessable profits above this threshold will be subject to a rate of 16.5%. Hong Kong profits tax of other Hong Kong incorporated entities in the Group has been provided for at the rate of 16.5% on the estimated assessable profits. For the year ended 31 March 2019, Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profits.

The applicable tax rate for the PRC subsidiaries of the Group is 25% (2019: 25%) for the year ended 31 March 2020.

According to a policy promulgated by the State Tax Bureau of the PRC and effective from 2008 onwards, enterprises engaged in research and development activities are entitled to claim ranging from 150% to 175% of the research and development expenses so incurred in a period as tax deductible expenses in determining its tax assessable profits for that period ("**Super Deduction**"). PRC subsidiaries have applied such Super Deduction during the year.

The subsidiaries established and operated in Vietnam were subject to corporate income tax at a rate of 20% (2019: 20%). In accordance with the applicable tax regulations, a subsidiary is subject to a lower tax rate of 10% for fifteen consecutive years, commencing from the first year of making revenue. In addition, the subsidiary is entitled to full exemption from corporate income tax for the first four years from the earlier of (i) the year when profit is generated for the first time or (ii) the fourth year of making revenue; and a 50% reduction in corporate income tax for the next nine years, which is offered by the Vietnam Government and is stipulated in the subsidiary's investment license. Regina Miracle International (Vietnam) Co., Ltd. is entitled to the full exemption from corporate income tax starting from the financial year ended 31 March 2018.

The amount of taxation charged to the consolidated income statement represents:

	2020	2019
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong profits tax	**14,748**	18,416
– PRC enterprise income tax	**15,941**	1,249
Under/(over)-provision in prior years	**91**	(307)
Deferred income tax	**(7,631)**	237
Income tax expense	**23,149**	19,595

8 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2020	2019
Profit attributable to owners of the Company (HK$'000)	**289,953**	282,438
Weighted average number of ordinary shares in issue ('000)	**1,224,250**	1,224,250
Basic earnings per share (expressed in HK cents per share)	**23.7**	23.1

(b) Diluted

Diluted earnings per share for the years ended 31 March 2020 and 2019 are the same as the basic earnings per share as there were no potentially dilutive ordinary shares issued.

9 DIVIDENDS

	2020	2019
	HK$'000	*HK$'000*
Interim dividend, paid of HK3.8 cents (2019: HK3.6 cents) per ordinary share	**46,522**	44,073
Final dividend, proposed, of HK4.0 cents (2019: HK4.0 cents) per ordinary share *(Note)*	**48,970**	48,970
	95,492	93,043

Note: At a meeting held on 29 June 2020, a final dividend of HK4.0 cents (2019: HK4.0 cents) per ordinary share of the Company, totalling approximately HK$48,970,000 (2019: HK$48,970,000) for the year ended 31 March 2020 is proposed. These consolidated financial statements do not reflect this dividend payable.

10 TRADE RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Trade receivables		
– carried at amortised cost	**319,251**	461,951
– carried at FVOCI	**409,268**	356,206
	728,519	818,157
Less: loss allowance of trade receivables	**(9,623)**	(3,442)
	718,896	814,715

The carrying amounts of trade receivables approximate their fair values.

(a) As at 31 March, the ageing analysis of gross trade receivables based on invoice date were as follows:

	2020	2019
	HK$'000	*HK$'000*
0–30 days	**266,942**	424,158
31–60 days	**261,554**	230,609
61–90 days	**107,612**	119,813
Over 90 days	**92,411**	43,577
	728,519	818,157

The credit period granted by the Group is generally 30 to 120 days. The Group does not hold any collateral as security.

(b) As at 31 March 2020, included in the Group's trade receivables were amounts due from a related party of approximately HK$3,090,000 (2019: HK$7,857,000).

11 TRADE PAYABLES

As at 31 March, the ageing analysis of trade payables based on invoice date were as follows:

	2020	2019
	HK$'000	*HK$'000*
0–30 days	**210,788**	202,472
31–60 days	**120,384**	94,388
61–90 days	**39,769**	80,965
Over 90 days	**14,359**	554
	385,300	378,379

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

During the year under review, international events such as the ongoing China-US trade negotiations and Brexit have led to potential fluctuations in the global economy, which inevitably affected the consumer market. The outbreak of the COVID-19 pandemic (the "**Pandemic**") at the end of last year has brought unforeseen impact to the global economy. China and Japan bore the brunt of the Pandemic in February and March. While China's domestic market started recovering in March, the consumer markets of Europe and US were affected from March to May due to a large-scale shop closures and governments' pandemic prevention measures. Consequently, the results of the Group in the last quarter was inevitably affected. Nevertheless, Regina Miracle's production capacity layout and its innovative design manufacturing (IDM) capabilities in the PRC and Vietnam have already laid a solid foundation for the business before the Pandemic. The management is of the view that when the global economy recovers from the economic woes brought by the Pandemic, the Group will be able to swiftly seize the opportunities brought forward by potential industry consolidation, cooperate with international partners and overcome the challenges ahead with trendsetting innovative products and flexible production capacity deployment.

Under the latest China-US trade tensions before the outbreak of the Pandemic, the Group acted in concert with its brand partners in their business development across different regions, and adjusted the deployment of production capacity appropriately between Vietnam and Shenzhen, where the production of orders designated for export to the United States has largely been transferred to Vietnam. The operational role of the Group's Shenzhen factory had also been adjusted accordingly to serve primarily as the research and development ("R&D") base of the Group, while focusing on supporting brand partners in manufacturing products sold in China's domestic markets. Despite the impacts upon production lines and supply chain in the PRC due to various measures including the delayed resumption of operations across the nation at the early stages of the outbreak, the Group's production at its Shenzhen factory resumed in an orderly manner with the premise of ensuring the safety of employees, while Vietnam as the principal production base had largely been operating as usual despite an affected supply of raw materials from China. As the Pandemic further spread across the world in March, certain European and American brand partners postponed delivery of orders. Externally, the Group has maintained its close communication and cooperation with business partners so as to tide over the difficult times together. Internally, the Group has temporarily suspended staff recruitment until the global economy and consumer markets are back on track.

By leveraging its ongoing advancements in craftsmanship, the Group not only developed multiple trendsetting products and reinforced its collaborative ties with world-renowned brand partners during the year, but it also made good use of its existing technologies and resources amidst this pandemic for business expansion towards pandemic prevention products such as fabric face masks and protective clothing, and at the same time invested resources in developing household and health concept products, as well as sports peripheral products, enhancing risk resilience while promoting the development of business diversification.

BUSINESS REVIEW

Financial Performance

During the year, the Group recorded a revenue of HK$6,341.0 million (Fiscal 2019: HK$6,263.3 million) amidst the difficult operating environment, representing a year-on-year increase of 1.2%. Gross profit grew by 7.4% to HK$1,440.7 million, with gross profit margin slightly lifted to 22.7% (Fiscal 2019: approximately HK$1,341.9 million and 21.4%, respectively). Benefiting from the rising production capacity and efficiency of its Vietnam factories, the Group recorded continuous improvements in profit margin. Earnings before interest, taxes, depreciation and amortization (EBITDA) increased by 30.0% to HK$969.7 million, with EBITDA margin lifted meaningfully to 15.3% (Fiscal 2019: approximately HK$745.9 million and 11.9%, respectively). Meanwhile, net profit rose by 2.7% to HK$290.0 million, with a net profit margin of 4.6% (Fiscal 2019: approximately HK$282.4 million and 4.5%, respectively). Basic earnings per share attributable to owners of the Company amounted to HK23.7 cents (Fiscal 2019: HK23.1 cents).

The Group is in a healthy financial position. In addition to stable operating cash flows, it also holds sufficient cash in hand and total undrawn trade and term loan facilities of approximately HK$587.6 million and HK$2,571 million, respectively as at 31 March 2020 (31 March 2019: HK$466.4 million and HK$1,732 million, respectively).

To share the positive results of the Group with shareholders, the Board has resolved to propose a final dividend of HK4.0 cents per share for the Fiscal 2020. Together with an interim dividend of HK3.8 cents per share paid during the year, the total dividend will amount to HK7.8 cents per share (Fiscal 2019: HK7.6 cents), which is in line with the Group's policy of paying no less than 30% of its net profit as dividends for the fiscal year. The proposed final dividend is subject to approval from shareholders of the Company at the annual general meeting to be held on Friday, 21 August 2020. The final dividend is expected to be paid on or around Friday, 11 September 2020 to shareholders whose name appears on the register of members of the Company on Tuesday, 1 September 2020.

Bras and intimate wear

Bras and intimate wear products remain the major source of revenue of the Group. During the year, this segment contributed HK$5,061.4 million (Fiscal 2019: HK$4,874.6 million), representing a year-on-year increase of 3.8% and accounting for approximately 79.8% of the overall revenue. In addition, gross profit amounted to HK$1,183.8 million, with gross profit margin improving to 23.4% (Fiscal 2019: HK$1,070.3 million and 22.0%, respectively).

Driven by the heightened pursuit of consumers for comfortable and good value-for-money intimate wear, Regina Miracle has developed multiple innovative products for its world-renowned brand partners with its trendsetting craftsmanship. Among them, the chic bra top series sold successfully, which significantly bolstered the volume of orders. The chic bra top products not only became the major growth driver of this segment, but more importantly they also contributed to a closer partnership with the brands, thus achieving a more balanced customer portfolio. Therefore, although the Pandemic spread across the globe in March had caused a delay in the shipment of certain orders, the revenue of this segment still recorded an increase during the year.

Bra pads and other molded products

Revenue from bra pads and other molded products business amounted to HK$677.1 million (Fiscal 2019: HK$530.9 million), a significant year-on-year increase of 27.5%, accounting for 10.7% of the total revenue. Gross profit and gross profit margin from the segment were HK$144.2 million and 21.3% (Fiscal 2019: HK$111.6 million and 21.0%, respectively).

The double-digit revenue growth of this segment was mainly driven by an increase in sales of fabric processing and other accessories used in consumer electronic products, which was the fruitful results of Regina Miracle's R&D efforts in actively expanding its business across different sectors and product categories for nearly two years. During Fiscal 2020, not only did the Group record high double-digit growth in orders of virtual reality (VR) glasses accessories from its existing VR technology partner, but also gained a well-known multinational technology partner, for which the Group manufactured a wider range of components for consumer electronic products beyond VR glasses accessories. The revenue from bra pads maintained a moderate growth due to a slight increase in revenue from external sales of bra pads. The Group has reserved the majority of its bra pads capacity to facilitate in-house manufacturing of finished bras in recent years. At present, not only can the Vietnam factory completely self-supply bra pads, but it can also supply to the Shenzhen factory, which helps strengthen its cost control.

Functional sports products

The functional sports products business contributed HK$602.5 million in revenue during the year (Fiscal 2019: HK$857.8 million), a year-on-year decrease of 29.8%, and accounted for 9.5% of the total revenue of the Group. The segment also recorded a gross profit of HK$112.7 million and a gross profit margin of 18.7% (Fiscal 2019: HK$160.1 million and 18.7%, respectively).

The decline in segment revenue was a result of the Group's execution of its strategy to optimise its brand customer and product portfolio in the second half of Fiscal 2019, with the aim of facilitating more effective allocation of R&D and production resources. For footwear business, the Group focused on cooperating with an American casual footwear brand partner during Fiscal 2020 after terminating its sports footwear business with another brand. As for the sportswear business, the Group also focused on cooperating with internationally renowned brands to promote the steady growth of its business. By leveraging the excellent craftsmanship of seamless bonding, Regina Miracle has developed innovative products for international sports and leisure brand partners. As a result, the Group recorded growth in sportswear order volume despite the exits of other sportswear customers, becoming another growth point of its business.

Production capacity

During the year, Factories D and E, which house more automated machineries, formally commenced production, marking a big step closer to the full commissioning of the Group's factories located in Vietnam Singapore Industrial Park ("**VSIP**") in Hài Phòng City, Vietnam, with the proportion of local production accounted for approximately 60% of the total revenue last year rising to approximately 73% in Fiscal 2020. As at 31 March 2020, the Group had a total of approximately 34,500 employees in Vietnam. With regard to the Shenzhen factory, a workforce of approximately 8,000 served the R&D hub and production base.

The Group has accumulated several years of factory operation experience in Vietnam. In particular, Factories A and B have steadily matured where skilled workers with over 1 year of experience accounted for 73%, which facilitated a significant improvement in production efficiency and met expectations. Based on the successful operation in Factories A and B, the Group adjusted the allocation of production lines across Factories C, D and E according to the demand, all in a bid to improve the efficiency of existing facilities and drive productivity to an optimal level.

THE GROUP'S OPERATING RESULTS

Revenue

We derive our revenue primarily from direct sales of our products. Our total revenue increased by 1.2% from HK$6,263.3 million in Fiscal 2019 to HK$6,341.0 million in Fiscal 2020. A comparison of the Group's revenue for Fiscal 2020 and Fiscal 2019 by product categories is as follows:

	For the year ended 31 March					
	2020		2019		Change	
	HK$'000	***% of Revenue***	*HK$'000*	*% of Revenue*	*HK$'000*	*%*
Bras and intimate wear	**5,061,431**	**79.8**	4,874,609	77.8	186,822	3.8
Bra pads and other molded products	**677,093**	**10.7**	530,890	8.5	146,203	27.5
Functional sports products	**602,486**	**9.5**	857,781	13.7	(255,295)	(29.8)
	6,341,010	**100.0**	6,263,280	100.0	77,730	1.2

Revenue generated from sales of bras and intimate wear increased by HK$186.8 million, or approximately 3.8%, from HK$4,874.6 million in Fiscal 2019 to HK$5,061.4 million in Fiscal 2020. The increase was primarily due to the increase in sales volume of our bras driven by an increased demand from our customers. Revenue generated from sales of bras and intimate wear as a percentage of our total revenue increased from 77.8% in Fiscal 2019 to 79.8% in Fiscal 2020.

Revenue generated from sales of bra pads and other molded products amounted to HK$677.1 million in Fiscal 2020, representing an increase of approximately HK$146.2 million, or approximately 27.5%, as compared to Fiscal 2019, which was due to the increased demand from our customers. Revenue generated from sales of bra pads and other molded products as a percentage of our total revenue increased from 8.5% in Fiscal 2019 to 10.7% in Fiscal 2020.

Revenue generated from sales of functional sports products decreased by HK$255.3 million, or approximately 29.8%, from HK$857.8 million in Fiscal 2019 to HK$602.5 million in Fiscal 2020. The decrease was primarily due to the cessation of sports footwear business with one of our sports customers. Revenue generated from sales of functional sports products as a percentage of our total revenue decreased from 13.7% in Fiscal 2019 to 9.5% in Fiscal 2020.

Cost of sales

Cost of sales primarily consists of costs of raw materials, employee benefit expenses for personnel directly involved in our production activities, depreciation of our production equipment and others.

	For the year ended 31 March					
	2020		2019		Change	
		% of		*% of*		
	HK$'000	***Revenue***	*HK$'000*	*Revenue*	*HK$'000*	*%*
Costs of raw materials	**2,166,269**	**34.2**	2,320,360	37.0	(154,091)	(6.6)
Employee benefit expenses	**1,952,693**	**30.8**	1,892,003	30.2	60,690	3.2
Depreciation	**349,402**	**5.5**	245,063	3.9	104,339	42.6
Utilities	**141,963**	**2.2**	112,973	1.8	28,990	25.7
Others	**289,952**	**4.6**	350,936	5.7	(60,984)	(17.4)
	4,900,279	**77.3**	4,921,335	78.6	(21,056)	(0.4)

Cost of sales as a percentage of total revenue decreased from 78.6% in Fiscal 2019 to 77.3% in Fiscal 2020. This was primarily attributable to our continued efficiency improvement of the Vietnam factories, resulting in a reduction of cost of materials as a percentage of our total revenue.

Cost of sales decreased from HK$4,921.3 million in Fiscal 2019 to HK$4,900.3 million in Fiscal 2020 primarily due to reduction of cost of materials attributable to continued efficiency improvement, which partially offset by increase in employee benefit expenses and depreciation as a result of the continued expansion of our Vietnam factories.

Gross profit and gross profit margin

	For the year ended 31 March					
	2020		2019			
	Gross Profit	**Gross Profit margin**	Gross Profit	Gross Profit margin	Change	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Bras and intimate wear	**1,183,845**	**23.4**	1,070,262	22.0	113,583	10.6
Bra pads and other molded products	**144,221**	**21.3**	111,617	21.0	32,604	29.2
Functional sports products	**112,665**	**18.7**	160,066	18.7	(47,401)	(29.6)
Gross profit	**1,440,731**	**22.7**	1,341,945	21.4	98,786	7.4

Our overall gross profit increased from HK$1,341.9 million in Fiscal 2019 to HK$1,440.7 million in Fiscal 2020. The gross profit margin in Fiscal 2020 was 22.7%, as compared to 21.4% in Fiscal 2019. Such increase was mainly driven by our continued efficiency improvement of the Vietnam factories.

The gross profit margin of bras and intimate wear increased from 22.0% in Fiscal 2019 to 23.4% in Fiscal 2020, primarily due to our continued efficiency improvement of the Vietnam Factory A and B.

Gross profit margin of bra pads and other molded products have remained relatively stable at 21.0% in Fiscal 2019 and 21.3% in Fiscal 2020.

Gross profit margin of functional sports products have also remained relatively stable at 18.7% in both Fiscal 2019 and Fiscal 2020.

Other income and other gains, net

Our other income and other gains consist primarily of government grants. It increased from HK$28.4 million in Fiscal 2019 to HK$65.9 million in Fiscal 2020, primarily attributable to an increase in government grants subsidies, which depend on the government grant policies and criteria during different time periods.

Distribution and selling expenses

Distribution and selling expenses primarily consist of freight and transportation expenses, employee benefit expenses for our sales personnel, travelling expenses, declaration charges, marketing and promotion expenses and others.

For Fiscal 2020 and Fiscal 2019, the Group's distribution and selling expenses as a percentage of total revenue have remained relatively stable at 2.6% and 2.5% respectively.

Distribution and selling expenses increased from HK$155.3 million in Fiscal 2019 to HK$164.5 million in Fiscal 2020, primarily due to an increase in freight and transportation expenses and employee benefit expenses.

General and administrative expenses

General and administrative expenses primarily consist of employee benefit expenses for our administrative personnel, depreciation and amortization, other taxes and surcharges, building management fee, insurance, office and administrative expenses, bank charges and others.

General and administrative expenses as a percentage of total revenue increased from 9.9% in Fiscal 2019 to 10.5% in Fiscal 2020, mainly due to an increase in depreciation and amortisation, and employee benefit expenses, as a result of the Group's factories expansion in Vietnam.

General and administrative expenses increased from HK$619.0 million in Fiscal 2019 to HK$664.5 million in Fiscal 2020, mainly due to the reasons mentioned above.

Research and development costs

Research and development costs consist of employee benefit expenses for our research and development personnel, raw materials and consumables used and others.

The Group's research and development costs have remained relatively stable in terms of absolute amount and percentage of total revenue respectively for both Fiscal 2019 and Fiscal 2020.

Finance income

Finance income represents interest income on bank deposits.

Finance costs

Finance costs represent interest expense on borrowings, net of interest expenses capitalised. Our finance costs as a percentage of total revenue increased from 1.4% in Fiscal 2019 to 2.6% in Fiscal 2020, primarily due to 1) global trend of rising interest rate during Fiscal 2020; 2) an increase in borrowings, as a result of Vietnam factories expansion and business growth in Fiscal 2020; and 3) interest in the amount of HK$15.1 million on discounting impact of long term utilities deposits and lease liabilities on adoption of HKFRS16 in Fiscal 2020.

The increase in finance costs in Fiscal 2020 was primarily attributable to the reasons mentioned above.

Income tax expense

Income tax expense represents our total current and deferred tax expenses under the relevant Hong Kong and PRC income tax rules and regulations.

According to a policy promulgated by the State Tax Bureau of the PRC and effective from 2008 onwards, enterprises engaged in research and development activities are entitled to claim ranging from 150% to 175% of the research and development expenses so incurred in a period as tax deductible expenses in determining its tax assessable profits for that period ("**Super Deduction**"). PRC subsidiaries have applied such Super Deduction during the year.

The subsidiaries established and operated in Vietnam were subject to corporate income tax at a rate of 20% (2019: 20%). In accordance with the applicable tax regulations, a subsidiary is subject to a lower tax rate of 10% for fifteen consecutive years, commencing from the first year of making revenue. In addition, the subsidiary is entitled to full exemption from corporate income tax for the first four years from the earlier of (i) the year when profit is generated for the first time or (ii) the fourth year of making revenue; and a 50% reduction in corporate income tax for the next nine years, which is offered by the Vietnam Government and is stipulated in the subsidiary's investment license. Regina Miracle International (Vietnam) Co., Ltd. is entitled to the full exemption from corporate income tax starting from the financial year ended 31 March 2018.

The Group's income tax expense increased from HK$19.6 million in Fiscal 2019 to HK$23.1 million in Fiscal 2020. Excluding the positive effect of Super Deduction in the amount of HK$22.2 million (Fiscal 2019: HK$28.8 million) during Fiscal 2020, the Group's effective tax rate decreased from 16.0% in Fiscal 2019 to 14.5% in Fiscal 2020, mainly attributed to tax holiday enjoyed by the Vietnam subsidiaries and increase in proportion of the Group's Vietnam production during the year.

EBITDA and net profit

As a result of the cumulative effect of the above factors,

- our EBITDA for the year increased by 30.0% from HK$745.9 million in Fiscal 2019 to HK$969.7 million in Fiscal 2020. EBITDA margin increased from 11.9% in Fiscal 2019 to 15.3% in Fiscal 2020.

- our net profit for the year increased by 2.7% from HK$282.4 million in Fiscal 2019 to HK$290.0 million in Fiscal 2020. Net profit margin increased from 4.5% in Fiscal 2019 to 4.6% in Fiscal 2020.

Liquidity, financial resources and bank borrowings

The Group's current ratios (calculated as current assets over current liabilities) were 1.3 times and 1.2 times as at 31 March 2020 and 31 March 2019, respectively. Net debt (represented by bank borrowings less the cash and cash equivalents) was HK$3,002.4 million (31 March 2019: HK$2,557.7 million). The increase of net debt was mainly due to capital expenditure for our production facilities in Vietnam. Gearing ratio as at 31 March 2020 was 102.9% (31 March 2019: 87.5%), which was calculated as net debt divided by total equity. Excluding the currencies depreciation impact on the net assets denominated in RMB and VND, the adjusted net gearing as at 31 March 2020 was 93.2% (31 March 2019: 84.6%).

Working capital management

	As at	
	31 March 2020 (days)	31 March 2019 (days)
Receivables turnover days	**44**	48
Payables turnover days	**28**	29
Inventory turnover days	**74**	64

Receivables and payables turnover days have been maintained at stable and healthy levels of 44 days and 28 days respectively during Fiscal 2020.

The inventory turnover days have also been maintained at a healthy level. The increase in inventory turnover days was primarily due to impact of the Pandemic on finished goods delivery schedule in late March 2020.

Capital expenditures

For Fiscal 2020, the total addition to property, plant and equipment, right-of-use assets and intangible assets amounted to approximately HK$1,084.6 million (Fiscal 2019: HK$1,210.5 million), which was mainly attributable additions of production lines and construction of our Vietnam facilities to cope with the Group's overall business expansion.

Pledged assets

As at 31 March 2020, insurance policy investments in the amount of HK$30.9 million was pledged for financing related insurance premium.

As at 31 March 2019, the Group did not have assets pledged for bank borrowings.

Foreign exchange risk

We mainly operate in Hong Kong, the PRC and Vietnam. Most of our operating expenses are denominated in RMB and VND, while most of our sales are denominated and settled in U.S. dollar. As the HK dollar is pegged to U.S. dollar, our foreign exchange exposure in respect of the HK dollar is considered minimal. Our management will continue to monitor foreign currency exchange exposure and will take prudent measures to minimize the currency translation risk.

Contingent liabilities

As at 31 March 2020, the Group did not have any significant contingent liabilities.

Material acquisitions and future plans for major investment

Save for the investment in the construction of the production facilities in Vietnam, during Fiscal 2020, the Group did not conduct any material investments, acquisitions or disposals. In addition, save for the expansion plans as disclosed in the sections headed "Business" and "Future Plans and Use of Proceeds" in the prospectus of the Company dated 24 September 2015 (the "**Prospectus**"), and the framework construction agreements disclosed in the announcements dated 24 July 2017 and 24 April 2018 respectively, the Group has no specific plan for major investment or acquisition for major capital assets or other businesses. However, the Group will continue to identify new opportunities for business development.

Employees and remuneration policies

As at 31 March 2020, the Group employed a total of approximately 42,917 full-time staff (31 March 2019: 40,419). The total staff cost of the Group (including salaries, bonuses, social insurances, provident funds and share incentive schemes) amounted to HK$2,526.4 million, representing 39.8% of the total revenue of the Group.

We believe our success depends heavily upon our employees' provision of consistent, quality and reliable services. In order to attract, retain and develop the knowledge, skill level and quality of our employees, we place a strong emphasis on training our employees. We provide on-site training periodically and across operational functions, including introductory training for new employees, technical training, professional and management training, team-building and communications training.

We enter into individual employment contracts with our employees to cover matters such as wages, employee benefits, safety and sanitary conditions in the workplace, and grounds for termination. We have designed an evaluation system to assess the performance of our employees. This system forms the basis of our determinations of whether an employee should receive salary raises, bonuses or promotions. Most of our technical personnel are trained and promoted internally, leading to greater employee stability and loyalty.

Events after the balance sheet date

The Group has no significant events after the reporting period and up to the date of this report.

FUTURE PROSPECTS AND STRATEGIES

Going forward, the Pandemic is expected to bring unprecedented challenges and more uncertainties to the global economy. In response to the impacts brought by the Pandemic, including a series of shop closures and government pandemic prevention measures, some brand partners have temporarily postponed certain orders in the past few months. The Group expects that the market will need some time to fully recover after the lockdown. Given that it will likely take time for the brand partners to clear the inventory accumulated during the Pandemic, the Group expects the sales of Fiscal 2021 to be impacted.

Based on the preliminary assessment, the Group anticipates a low double-digit decline in sales to be recorded in the first quarter of Fiscal 2021 compared to the corresponding period in Fiscal 2020. Furthermore, as the Vietnam government imposed a nationwide lockdown from 1 to 23 April 2020, some employees were not able to commute and report to work from different districts during this period and therefore, the overall production efficiency was affected. And compounded by the deleveraging of operation, the Group's profit performance is set to face greater challenges. It has managed to see a gradual sales improvement in the first quarter on a month-on-month basis as the operation and orders of certain partners are gradually recovering. However, it will still take time for its sales and profit performance to return to a normal level given the challenges ahead.

Despite the uncertain outlook, the management is convinced that challenges coexist with opportunities. The Group believes that global consumer habits will change after the Pandemic. In terms of sales channels, "working from home" has become the new normal, which has boosted online shopping even more during the Pandemic and has partially compensated the decline in brick-and-mortar sales. In respect of product type, as consumers are more inclined to pursue more comfortable and value-for-money products, it is expected that related products will see a stronger demand. The production and offering of comfortable and value-for-money products are exactly the long-term strength of Regina Miracle, as sales of such products performed well subsequent to the review year.

The Group will actively develop products that can generate demand for its brand partners, with a view to enabling swift market launch and catering to the rebound of consumer demands after the Pandemic has stabilised. In the PRC, as the Pandemic has come under control along with the gradual resumption of work and production, consumer sentiment is expected to revive and generate a new round of opportunities. Therefore, the Group intends to invest more resources for an expansion in the Chinese market in the medium- to long-term for business expansion in relation to intimate wear and functional sports products.

In respect of capacity planning, the Group has largely commenced operation of all its factories at VSIP Hài Phòng in Vietnam, while the production of footwear products currently in Shenzhen is expected to be transferred to Vietnam Factory E after the Pandemic has stabilised. The facility in Hung Yen Province, Vietnam, which operates principally with seamless knitting technology, will defer its commencement of operation to the first half of 2021 due to the impact of the Pandemic. Given that production line expansion and production efficiency improvement in the existing factories will be sufficient to drive growth in the near- to medium-term, the Group has stated in the first half of Fiscal 2020 that it has no plans to invest in new production facilities, but will focus on enhancing the efficiency and productivity of its existing and upcoming facilities. Fully aware of the importance of supply chain and management localization given the general disruptions of the supply chain in the PRC at the early stages of the Pandemic outbreak, coupled with the subsequent lockdown and travel restrictions across the world, the management will push ahead with the localization strategy in Vietnam.

As for the Shenzhen factory, it will continue to focus on the manufacturing of products that are sold in the local Chinese markets of its brand partners, as the factory undergoes upgrade and transformation to support the Group's business expansion that spans different sectors and product categories, fabric processing as well as other accessories for consumer electronic products. In response to the development of the Pandemic and trade environment, as well as the needs of brand partners, the Group will also right-size the Shenzhen factory, while remain agile in mobilising its production capacity in Vietnam and Shenzhen.

Apart from that, it is the general market view that customers will pay more attention to pandemic prevention and health protection after the Pandemic. Therefore, the Group has also invested in the development of pandemic prevention products (including fabric face masks and protective clothing), sports peripheral products and health products. By doing so, the Group will not only diversify its product portfolio and enhance business resilience against risks, but it will also contribute to communities by making the best use of its existing technology and resources to achieve an all-win outcome. Since the beginning of this year, the Group has produced pandemic prevention products for its existing brand partners. In the future, the Group will continue to apply for the production certificates of such products in line with international regulations, and seek cooperation with a more diverse clientele, as demand for pandemic prevention products is expected to continue to grow.

Given the commitment to reducing its costs while diversifying revenue streams, the Group imposes stricter cost control on labour, raw materials and operation, especially under the Pandemic, such as adjustments to the working hours of production staff and employees based on actual orders, (including the implementation of a rota system in the Shenzhen factory) and the enhancement of upstream supply chain management, all in a bid to reduce labour costs and other peripheral costs. The management also plans to surrender parts of the leased plant in Shenzhen within Fiscal 2021. While such arrangement may result in a one-off non-cash expense, it will help reduce operating expenses for the Group in the long run.

Also mindful of financial prudence during this Pandemic, the Group will temporarily suspend unnecessary investment in fixed assets to reduce capital expenditure and ensure sufficient cash flow for operations. Apart from its stable operational cash flow, the Group is positioned with ample cash on hand and undrawn total bank credit, enabling it to withstand market fluctuations. In addition, the Shenzhen factory of the Group has also benefited from some national subsidy policies to support enterprises and secure employment amidst the Pandemic.

Dedicated to executing the aforesaid strategies, the management will lead Regina Miracle to prevail over difficulties, break new grounds in business with steady and prudent development policies, take this opportunity to fully review its internal operations and lay a solid foundation for long-term and healthy development by streamlining the structure and optimising processes, so as to create long-term value for its brand partners and shareholders. It is the abundant industry experience and strong IDM capability of the management that empowers Regina Miracle, a company engaged in the intimate wear industry for over two decades, to keep growing its business through multiple economic cycles and market changes. This, together with the well-established manufacturing facilities in the PRC and Vietnam, serves as the key to maintaining its close cooperation with brand partners. Leveraging these competitive advantages, Regina Miracle will work with its brand partners to brave the difficulties and achieve mutual benefits in such times of trials.

CORPORATE GOVERNANCE

The Board and the management of the Group are committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholders' value. The corporate governance principles of the Company emphasize a quality Board, sound internal controls, and transparency and accountability to all shareholders.

The Board has established four Board committees namely, the audit committee, the nomination committee, the remuneration committee and the executive committee with written terms of reference in compliance with the Corporate Governance Code and Corporate Governance Report ("**CG Code**") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**").

The Board has reviewed the Company's corporate governance practices and is satisfied that save as disclosed below, the Company has complied with all code provisions and, where applicable, the recommended best practices of the CG Code for the year ended 31 March 2020.

According to code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company has appointed Mr. Hung Yau Lit (also known as YY Hung) as both the Chairman and the Chief Executive Officer of the Company. The Board believes that vesting the roles of the Chairman and Chief Executive Officer in the same individual would enable the Company to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans. The Board believes that the balance of power and authority is sufficiently maintained by the operation of the senior management and the Board, which comprises experienced and high-calibre individuals. The Board currently comprises five executive Directors (including Mr. Hung Yau Lit (also known as YY Hung)) and three independent non-executive Directors and therefore has a fairly strong independence element in its composition. The Board will nevertheless review the structure and composition of the Board from time to time in light of prevailing circumstances, in order to maintain a high standard of corporate governance practices of the Company.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with the CG Code. The audit committee comprises three independent non-executive Directors namely, Dr. Or Ching Fai, Mrs. To Wong Wing Yue Annie and Ms. Tam Laiman. The chairman of the audit committee is Dr. Or Ching Fai who has appropriate professional qualifications. The primary responsibilities of the audit committee are to assist the Board in providing an independent review and supervision of the Group's financial and accounting policies, to review the financial controls, risk management and internal control systems of the Company, to oversee the audit process, and to perform other duties and responsibilities as delegated by the Board.

The audit committee has reviewed with the management and the external auditor of the Company the consolidated financial statements of the Group for Fiscal 2020, including accounting principles and practices adopted by the Group, and discussed internal controls and financial reporting matters related to the preparation of the annual results of the Group for Fiscal 2020.

The terms of reference of the audit committee were adopted on 11 September 2015 and revised on 24 March 2016 and further revised on 23 January 2019 which are available for inspection on the websites of the Company at www.reginamiracleholdings.com and The Stock Exchange of Hong Kong Limited at www.hkexnews.hk.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet and the related notes thereto for the year ended 31 March 2020 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listing Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as its code of conduct regarding directors' securities transactions. Upon specific enquiries being made with all Directors, each of them confirmed that they have complied with the required standards set out in the Model Code for the year ended 31 March 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the year ended 31 March 2020.

FINAL DIVIDEND

The Board has resolved to propose a final dividend of HK4.0 cents per share for the year ended 31 March 2020. Together with the interim dividend of HK3.8 cents per share, the total dividend distribution represents approximately 32.9% of the Group's net profit for the year ended 31 March 2020.

The proposed final dividend payment is subject to approval by the shareholders of the Company at the forthcoming annual general meeting ("**AGM**") to be held on Friday, 21 August 2020. If approved by shareholders, the proposed final dividend is expected to be paid on or about Friday, 11 September 2020 to shareholders whose names appear on the register of members of the Company on Tuesday, 1 September 2020.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed as follows:

(1) For the purpose of determining the shareholder's eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 17 August 2020 to Friday, 21 August 2020, both days inclusive. In order to qualify for attending and voting at the AGM, shareholders should ensure that all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. (Hong Kong time) on Friday, 14 August 2020.

(2) The final dividend will be payable on or about Friday, 11 September 2020 to the shareholders whose names appear on the register of members of the Company on Tuesday, 1 September 2020. For the purpose of ascertaining shareholders' entitlement for the final dividend, the register of members of the Company will be closed from Friday, 28 August 2020 to Tuesday, 1 September 2020, both days inclusive. To qualify for the final dividend, shareholders should ensure that all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. (Hong Kong time) on Thursday, 27 August 2020.

ANNUAL GENERAL MEETING

The AGM will be held on Friday, 21 August 2020. Notice of the AGM will be sent to the shareholders of the Company in due course.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement will be published on the websites of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the Company's website at www.reginamiracleholdings.com. The annual report 2019/20 and the notice of the AGM will be dispatched to the shareholders of the Company and made available on the websites of The Stock Exchange of Hong Kong Limited and the Company in due course.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank all our shareholders, business partners, customers, suppliers, bankers, the management and staff for their support and contribution to the Group and its business throughout the year ended 31 March 2020.

By order of the Board
Regina Miracle International (Holdings) Limited
Hung Yau Lit (also known as YY Hung)
Chairman

Hong Kong, 29 June 2020

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Hung Yau Lit (also known as YY Hung), Mr. Yiu Kar Chun Antony, Mr. Liu Zhenqiang, Mr. Chen Zhiping and Ms. Sze Shui Ling as executive Directors, and Dr. Or Ching Fai, Mrs. To Wong Wing Yue Annie and Ms. Tam Laiman as independent non-executive Directors.