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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

FINANCIAL HIGHLIGHTS

	Six months ended 30 September		
	2019	2018	
	HK$'000	*HK$'000*	Change
Revenue	**3,128,701**	3,062,917	2.1%
Gross profit	**703,700**	658,084	6.9%
Profit attributable to owners of the Company	**141,423**	133,722	5.8%
Earnings before interest, taxes, depreciation and amortisation#	**441,793**	361,055	22.4%
Gross profit margin (%)	**22.5%**	21.5%	+1.0pp
Net profit margin (%)	**4.5%**	4.4%	+0.1pp
Earnings before interest, taxes, depreciation and amortisation margin (%)	**14.1%**	11.8%	+2.3pp
	HK cents	*HK cents*	
Earnings per share – basic and diluted	**11.6**	10.9	
Dividend per share	**3.8**	3.6	

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.

INTERIM RESULTS

The board of directors (the "**Board**") of Regina Miracle International (Holdings) Limited ("**Regina Miracle**" or the "**Company**") is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 September 2019 ("**1HF2020**" or the "**Period**"), together with the comparative unaudited figures for the corresponding period in 2018 ("**1HF2019**").

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2019

	Note	**Six months ended 30 September 2019** *HK$'000* **(Unaudited)**	2018 *HK$'000* (Unaudited)
Revenue	*5*	**3,128,701**	3,062,917
Cost of sales	*7*	**(2,425,001)**	(2,404,833)
Gross profit		**703,700**	658,084
Other income	*6*	**27,595**	17,540
Distribution and selling expenses	*7*	**(82,096)**	(72,935)
General and administrative expenses	*7*	**(332,217)**	(303,928)
Research and development costs	*7*	**(107,928)**	(106,776)
		209,054	191,985
Finance income		**1,279**	386
Finance costs		**(65,474)**	(33,477)
Finance costs, net	*8*	**(64,195)**	(33,091)
Profit before income tax		**144,859**	158,894
Income tax expense	*9*	**(3,436)**	(25,172)
Profit for the period attributable to owners of the Company		**141,423**	133,722
Earnings per share attributable to owners of the Company during the period (expressed in HK cents per share)			
– Basic and diluted	*10*	**11.6**	10.9

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2019

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit for the period	**141,423**	133,722
Other comprehensive (loss)/income, net of tax		
Items that have been reclassified or may be subsequently reclassified to profit or loss		
Currency translation differences	**(103,385)**	(157,263)
Fair value gain on insurance policy investments	**3,373**	565
Fair value change on trade receivables carried at fair value through other comprehensive income ("**FVOCI**"), net	**68**	–
Other comprehensive loss for the period, net of tax	**(99,944)**	(156,698)
Total comprehensive income/(loss) attributable to owners of the Company	**41,479**	(22,976)

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 September 2019

	Note	As at 30 September 2019 HK$'000 (Unaudited)	As at 31 March 2019 HK$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**4,505,115**	4,174,055
Leasehold land and land use rights		**–**	252,289
Right-of-use assets		**462,545**	–
Intangible assets		**49,589**	49,670
Insurance policy investments		**123,452**	76,130
Deposits and prepayments		**58,415**	144,878
Deferred income tax assets		**1,107**	–
		5,200,223	4,697,022
Current assets			
Inventories		**958,620**	893,896
Trade and bills receivables	*11*	**771,077**	814,715
Deposits, prepayments and other receivables		**45,266**	81,509
Tax recoverable		**1,186**	927
Cash and cash equivalents		**468,037**	466,436
		2,244,186	2,257,483
Total assets		**7,444,409**	6,954,505
EQUITY			
Equity attributable to owners of the Company			
Share capital		**95,247**	95,247
Reserves		**2,818,599**	2,828,926
Total equity		**2,913,846**	2,924,173

	Note	As at 30 September 2019 HK$'000 (Unaudited)	As at 31 March 2019 HK$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Borrowings	*12*	**2,555,719**	2,166,533
Other payables		**5,549**	5,549
Lease liabilities		**94,030**	–
Deferred income tax liabilities		**6,211**	5,927
		2,661,509	2,178,009
Current liabilities			
Trade payables	*13*	**415,157**	378,379
Accruals and other payables		**690,421**	606,994
Lease liabilities		**75,748**	–
Borrowings	*12*	**674,880**	857,565
Current income tax liabilities		**12,848**	9,385
		1,869,054	1,852,323
Total liabilities		**4,530,563**	4,030,332
Total equity and liabilities		**7,444,409**	6,954,505

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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 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 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.

This interim condensed consolidated financial information is presented in Hong Kong dollars, unless otherwise stated. This interim condensed consolidated financial information was approved for issue by the Board of Directors on 26 November 2019.

This interim condensed consolidated financial information has not been audited.

2 BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 September 2019 has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The interim condensed consolidated financial information should be read in conjunction with the consolidated financial statements of the Company for the year ended 31 March 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**").

3 ACCOUNTING POLICIES

The accounting policies applied to this interim condensed consolidated financial information are consistent with that of the annual consolidated financial statements for the year ended 31 March 2019 and the adoption of new and amended standards as set out below.

(a) The following amended standards are mandatory for the first time for the financial year beginning on 1 April 2019:

Amendments to Annual Improvements 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 changed its accounting policies for leases with effect from 1 April 2019 following the adoption of HKFRS 16 "Leases" ("**HKFRS 16**") as disclosed in Note 4 below. All other amendments to standards and interpretation listed above do not have a significant effect on the Group's accounting policies.

(b) The following are new standards and amendments to existing standards that have been published, but are not effective for the accounting periods beginning on or after 1 April 2018 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to HKFRS 3	Definition of a business	1 January 2020
Conceptual Framework for Financial Reporting 2018	Revised conceptual framework for financial reporting	1 January 2020
Amendments to HKAS 1 and HKAS 8	Definition of materials	1 January 2020
HKFRS 17	Insurance contracts	1 January 2021
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	Note

Note: ***To be announced by HKICPA***

None of the above new standards and amendments are expected to have a significant effect on the condensed financial statements of the Group.

4 CHANGE IN AN ACCOUNTING POLICY

The following explains the impact of the adoption of HKFRS 16 on the Group's financial information.

The Group elected to adopt HKFRS 16 without restating comparatives as permitted under specific transitional provisions in the standard. The reclassifications and the adjustments are therefore not reflected in the condensed consolidated balance sheet as at 31 March 2019, but are recognized in the opening balance sheet on 1 April 2019.

(a) Adjustments recognized on the adoption of HKFRS 16

On the adoption of HKFRS 16, the Group recognized 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 of 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.

	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 recognized on a straight-line basis as expense	(20,747)
Lease liability recognized as at 1 April 2019	201,122
Of which are:	
– Current lease liabilities	71,888
– Non-current lease liabilities	129,234
	201,122

The associated right-of-use assets and lease liabilities were measured on a retrospective basis as if the new rules had always been applied. Any prepaid or accrued lease payments relating to these leases recognized in the condensed consolidated balance sheet as at 31 March 2019 were adjusted to retained earnings at the date of initial application. Right-of use assets recognized upon the date of initial application were measured at the amount equal to the lease liability.

Leasehold land and land use rights previously presented as a separate item on the condensed consolidated balance sheet is grouped as part of right-of-use assets with effect from 1 April 2019.

The recognized right-of-use assets relate to the following types of assets:

	As at 30 September 2019 *HK$'000*	As at 1 April 2019 *HK$'000*
Buildings	**154,366**	186,900
Leasehold land and land use rights	**308,179**	252,289
	462,545	439,189

Changes in the accounting policy affected the following items in the condensed consolidated balance sheet on 1 April 2019:

Condensed consolidated balance sheet (extract)	**31 March 2019 as originally presented** *HK$'000*	**Effects of the adoption of HKFRS 16** *HK$'000*	**1 April 2019 Restated** *HK$'000*
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

(i) Impact on segment disclosures

Segment assets as at 30 September 2019 all increased as a result of the changes in the accounting policy. The following segments were affected by the changes in the accounting policy:

	Increase in segment assets as at 30 September 2019 *HK$'000*
Bras and intimate wear	127,308
Bra pads and other molded products	17,053
Functional sports products	10,005
	154,366

(ii) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following recognition exemptions and 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

– accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases

– exempting operating leases for which the underlying assets are of low value

– excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and

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 HK(IFRIC) – 4 "Determining whether an Arrangement contains a Lease".

(b) The Group's leasing activities and how these are accounted for

The Group entered the lease arrangement related to buildings, staff quarters and factories with fixed periods of 2 to 12 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

– fixed payments (including in-substance fixed payments), less any lease incentives receivable (if any);

– variable lease payment that are based on an index or a rate.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

– the amount of the initial measurement of lease liability;

– any lease payments made at or before the commencement date less any lease incentives received (if any);

– any initial direct costs; and

– restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

5 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 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 information. 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 interim condensed consolidated income statement.

The Company is domiciled in Hong Kong.

The segment results for the six months ended 30 September 2019 are as follows:

	Six months ended 30 September 2019			
	Bras and intimate wear *HK$'000* (Unaudited)	**Bra pads and other molded products** *HK$'000* (Unaudited)	**Functional sports products** *HK$'000* (Unaudited)	**Total** *HK$'000* (Unaudited)
Total segment revenue (Recognised at a point in time)	**2,580,294**	**345,628**	**202,779**	**3,128,701**
Gross profit/segment results	**590,313**	**74,656**	**38,731**	**703,700**
Other income				**27,595**
Distribution and selling expenses				**(82,096)**
General and administrative expenses				**(332,217)**
Research and development costs				**(107,928)**
Finance income				**1,279**
Finance costs				**(65,474)**
Profit before income tax				**144,859**
Income tax expense				**(3,436)**
Profit for the period				**141,423**

Other segment items included in the interim condensed consolidated income statement for the period ended 30 September 2019 is as follows:

	Six months ended 30 September 2019			
	Bras and intimate wear *HK$'000* (Unaudited)	**Bra pads and other molded products** *HK$'000* (Unaudited)	**Functional sports products** *HK$'000* (Unaudited)	**Total** *HK$'000* (Unaudited)
Depreciation included in cost of sales	**110,779**	**14,839**	**8,707**	**134,325**
Amortisation included in cost of sales	**23,245**	**3,115**	**1,827**	**28,187**

The segment results for the six months ended 30 September 2018 are as follows:

	Six months ended 30 September 2018			
	Bras and intimate wear *HK$'000* (Unaudited)	Bra pads and other molded products *HK$'000* (Unaudited)	Functional sports products *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Total segment revenue	2,372,908	257,962	432,047	3,062,917
Gross profit/segment results	521,223	55,204	81,657	658,084
Other income				17,540
Distribution and selling expenses				(72,935)
General and administrative expenses				(303,928)
Research and development costs				(106,776)
Finance income				386
Finance costs				(33,477)
Profit before income tax				158,894
Income tax expense				(25,172)
Profit for the period				133,722

Other segment item included in the interim condensed consolidated income statement for the period ended 30 September 2018 is as follows:

	Six months ended 30 September 2018			
	Bras and intimate wear *HK$'000* (Unaudited)	Bra pads and other molded products *HK$'000* (Unaudited)	Functional sports products *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Depreciation included in cost of sales	84,033	19,465	14,818	118,316

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

	Six months ended 30 September	
	2019 ***HK$'000*** **(Unaudited)**	2018 *HK$'000* (Unaudited)
Unites States	**1,429,459**	1,575,361
Europe	**390,388**	317,370
Hong Kong	**154,215**	181,141
The People's Republic of China (the "**PRC**")	**470,434**	351,625
Japan	**300,004**	224,655
South Asia *(Note a)*	**50,584**	24,548
South-east Asia *(Note b)*	**108,561**	134,045
Other countries/regions *(Note c)*	**225,056**	254,172
	3,128,701	3,062,917

Note a: Includes Bangladesh, Sri Lanka and India.

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

Note c: Includes 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 financial instruments and deferred income tax assets of the Group are located in the following geographical areas:

	As at 30 September 2019	As at 31 March 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
PRC	**946,238**	884,770
Hong Kong	**56,445**	47,234
Vietnam	**4,072,981**	3,688,888
	5,075,664	4,620,892

6 OTHER INCOME

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Scrap sales income	**4,600**	4,552
Government grants	**22,312**	11,248
Others	**683**	1,740
	27,595	17,540

7 EXPENSES BY NATURE

The following items have been charged to the interim condensed consolidated financial information during the period:

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Amortisation of leasehold land and land use rights	**–**	3,647
Amortisation of right-of-use assets	**41,870**	–
Amortisation of intangible assets	**4,526**	4,282
Depreciation of property, plant and equipment	**186,343**	161,139

8 FINANCE COSTS, NET

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Finance income		
– interest income on bank deposits	**1,279**	386
Finance costs		
– interest expense on borrowings and factoring interests	**(77,453)**	(52,212)
Less: interest expenses capitalised (Note)	**11,979**	18,735
	(65,474)	(33,477)
Finance costs, net	**(64,195)**	(33,091)

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 general and specific borrowings during the period, which is 4.1% (2018: 3.9%).

9 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits for the six months ended 30 September 2019.

The subsidiaries established and operated in Vietnam were subject to corporate income tax at a rate of 20% (2018: 20%). One of these subsidiaries is subject to a lower tax rate of 10% for fifteen consecutive years, commencing from the first year of making revenue. In addition, this 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.

The applicable tax rate for the PRC subsidiaries of the Group is 25% (2018: 25%) for the six months ended 30 September 2019.

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 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**"). The management has assessed and recognised the amount of Super Deduction based on the best estimation for the six months ended 30 September 2019.

Income tax expense is recognised based on management's estimate of weighted average annual income tax rate expected for the full year. The amount of income tax charged to the interim condensed consolidated income statement represents:

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current income tax	**3,478**	26,262
Deferred income tax	**(42)**	(1,090)
Income tax expense	**3,436**	25,172

10 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.

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company (HK$'000)	**141,423**	133,722
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)	**11.6**	10.9

(b) Diluted

Diluted earnings per share for the six months ended 30 September 2019 and 2018 is the same as the basic earnings per share as there were no potentially dilutive ordinary shares issued.

11 TRADE AND BILLS RECEIVABLES

	As at 30 September 2019 *HK$'000* (Unaudited)	As at 31 March 2019 *HK$'000* (Audited)
Trade receivables		
– carried at amortised cost	**437,939**	461,951
– carried at FVOCI	**335,166**	356,206
	773,105	818,157
Bills receivables	**1,414**	–
	774,519	818,157
Less: loss allowance of trade receivables	**(3,442)**	(3,442)
	771,077	814,715

Gross trade and bills receivables, based on invoice date, were aged as follows:

0–30 days	**416,495**	424,158
31–60 days	**190,289**	230,609
61–90 days	**121,771**	119,813
Over 90 days	**45,964**	43,577
	774,519	818,157

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

As at 30 September 2019, included in the Group's trade and bills receivables were amounts due from a related party of approximately HK$5,781,000 (31 March 2019: HK$7,857,000).

12 BORROWINGS

	As at 30 September 2019 *HK$'000* (Unaudited)	As at 31 March 2019 *HK$'000* (Audited)
Bank borrowings		
Non-current	**2,555,719**	2,166,533
Current	**674,880**	857,565
	3,230,599	3,024,098

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Opening balance as at 1 April	**3,024,098**	2,150,354
Proceeds from new borrowings	**1,057,967**	965,500
Repayments of borrowings	**(851,466)**	(597,379)
Closing balance as at 30 September	**3,230,599**	2,518,475

As at 30 September 2019, total undrawn bank facilities amounted to approximately HK$2,382,023,000 (31 March 2019: HK$1,731,532,000).

As at 30 September 2019, the Group's borrowings bore floating rates and the effective interest rate of the outstanding bank borrowings was 3.8% per annum (31 March 2019: 3.6% per annum).

As at 30 September and 31 March 2019, bank borrowings are secured by corporate guarantees given by the Company and certain subsidiaries of the Company.

13 TRADE PAYABLES

Trade payables, based on invoice date, were aged as follows:

	As at 30 September 2019	As at 31 March 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0–30 days	**234,121**	202,472
31–60 days	**121,100**	94,388
61–90 days	**55,306**	80,965
Over 90 days	**4,630**	554
	415,157	378,379

14 DIVIDENDS

Final dividend of HK4.0 cents per ordinary share of the Company, totalling HK$48,970,000 for the year ended 31 March 2019 was paid during the six months ended 30 September 2019.

The Board has resolved to declare an interim dividend of HK3.8 cents (2018: HK3.6 cents) per ordinary share of the Company, totalling approximately HK$46,522,000 for the six months ended 30 September 2019 (2018: HK$44,073,000).

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

Despite the complexity and variability of the business environment during the Period, Regina Miracle has remained fully dedicated to the optimisation of its production capacity layout in Vietnam. With over three years of factory operation experience in Vietnam and its Vietnamese Factories D and E having formally commenced operation in the first half of this fiscal year, the Group has strengthened its production capacity layout in Vietnam, which helped cater for the demand for its Vietnamese and Chinese production lines among its brand partners from different regions.

By leveraging its on-going advancements in craftsmanship, the Group has developed multiple trendsetting and well-received product series during the Period, and has reinforced its collaborative ties with world-renowned brand partners. At the same time, the Group has adopted a strategy of brand and product mix optimisation in 2HF2019 with a view to striking an equilibrium between business development and profitability, and which is conducive to attaining a more balanced customer portfolio. The Group is pleased to witness demand from its longstanding brand partners remaining keen in the year ahead. Hence, the Group will diligently raise the production scale and efficiency of its Vietnamese factories in the second half of this fiscal year.

In recent years, consumers have been pursuing comfortable and good value-for-money intimate wear products, with growing demand for casual and chic bra top products. There has also been increasing focus by brands to determine the order placements for the coming season based on customer feedback and big data analysis. Regina Miracle has actively responded to such changes by leveraging the Group's unique positioning as an innovative design manufacturer (IDM). It will continue to combine industry-leading innovative technologies with production speed and stringent quality control, as well as geographical and cost advantages brought by its cross-regional production capacity layout, to capture the fervent global demand for intimate wear and functional sports products and to promote ongoing business development.

BUSINESS REVIEW

Financial Performance

For the six months ended 30 September 2019, the Group recorded a year-on-year increase of 2.1% in revenue to HK$3,128.7 million (1HF2019: HK$3,062.9 million). Gross profit grew by 6.9% to HK$703.7 million (1HF2019: HK$658.1 million), while gross profit margin grew modestly to 22.5% (1HF2019: 21.5%). Benefiting from the rising production capacity and efficiency of its Vietnamese factories, the Group recorded continuous improvements in profit margin. Earnings before interest, taxes, depreciation and amortisation (EBITDA) increased by 22.4% to HK$441.8 million (1HF2019: HK$361.1 million), with the EBITDA margin lifted to 14.1% (1HF2019: 11.8%). At the same time, net profit rose by 5.8% to HK$141.4 million (1HF2019: HK$133.7 million), with a net profit margin of 4.5% (1HF2019: 4.4%). Basic earnings per share attributable to owners of the Company amounted to HK11.6 cents for the Period (1HF2019: HK10.9 cents).

To share the fruits of the Group's labours with shareholders, the Board has resolved to propose an interim dividend of HK3.8 cents per share for the six months ended 30 September 2019 (1HF2019: HK3.6 cents), which is in line with the policy of paying not less than 30% net profit of a fiscal year as dividend. The interim dividend is expected to be paid on or around Thursday, 19 December 2019 to shareholders whose names appear on the register of members of the Company on Thursday, 12 December 2019.

Bras and intimate wear

Bras and intimate wear products remain the major source of revenue of the Group. During the Period, this segment contributed HK$2,580.3 million in revenue (1HF2019: HK$2,372.9 million), representing a 8.7% year-on-year increase and accounting for approximately 82.5% of the Group's overall revenue (1HF2019: 77.5%). In addition, gross profit amounted to HK$590.3 million, with gross profit margin improving to 22.9% (1HF2019: HK$521.2 million and 22.0%).

During the Period, the Group launched an upgraded series of classic intimate wear products for one of its long-term brand partners, which received overwhelmingly favourable market response, thus helping to further enhance such partnership. Concurrently, the Group, with its trendsetting craftsmanship, succeeded in developing a well-acclaimed collection of intimate wear products for a major brand partner. The collection significantly bolstered the volume of orders as well as directly contributed to the forging of closer cooperative ties with the partner, thereby representing a major step forward in achieving a more balanced customer portfolio.

Overall, as public interest in the pursuit of a healthy lifestyle has heightened, intimate wear products that combine comfort with modern fashion have emerged as a prevailing market trend. In seizing this trend, Regina Miracle leveraged its innovative craftsmanship and advanced technology to develop multiple product series for a number of world-renowned brand partners during the Period and which went on to gain significant popularity among consumers. Of this series, wireless underwear products and chic bra top products drew particularly robust market demand, enabling the Group to record a marked uptick in associated orders.

Bra pads and other moulded products

Revenue from the bra pads and other moulded products business amounted to HK$345.6 million (1HF2019: HK$258.0 million), accounting for 11.0% of the Group's total revenue (1HF2019: 8.4%). Gross profit and gross profit margin from the segment were HK$74.7 million and 21.6% (1HF2019: HK$55.2 million and 21.4%).

In an effort to boost the profitability of finished products, the Group has been strategically reserving the majority of its bra pad capacity to facilitate in-house manufacturing of finished bras in recent years. In Vietnam, the Group has established the manufacturing capability and capacity to locally self-supply bra pads to its Vietnamese facilities, resulting in more effective control of raw materials cost. In spite of such practice, this segment recorded double-digit growth during the Period, which was mainly attributable to greater bra pad orders from the Group's largest brand partner. In the meantime, the Group has been proactively exploring opportunities for business expansion that spans different sectors and product categories. Equipped with impressive innovative moulding technologies, the Group managed to expand its business scope to the fabric processing and other accessories for electronic products, which recorded a notable revenue during the Period, thus advancing towards greater business diversity.

Functional sports products

The functional sports products business contributed HK$202.8 million in revenue during the Period (1HF2019: HK$432.0 million), and accounted for 6.5% of the Group's total revenue (1HF2019: 14.1%). The segment also recorded a gross profit of HK$38.7 million and a gross profit margin of 19.1% (1HF2019: HK$81.7 million and 18.9%).

The decline in segment revenue was mainly due to the Group's execution of its strategy to optimise its brand customer and product portfolio in 2HF2019, with the aim of facilitating more effective allocation of research and development and production resources. Consequently, the Group terminated its sports footwear business collaboration with one of its two footwear brand partners and withdrew from its cooperation with certain sportswear customers whose order volume and efficiency were low. Nevertheless, the Group's focus on cooperating with an American casual footwear brand partner contributed to the stable growth of relevant business, which helped to partially offset the loss in revenue incurred from the termination of the sports footwear business.

In addition, the Group has been strategically focusing on its international sports and leisure brand partners, with the aim to cultivate ties and thereby advance its sportswear business. By leveraging the Group's proven innovation and development capabilities, it was able to apply the transformative craftsmanship of seamless bonding to sportswear products. These trendsetting products were well recognised by the brand partners. As a result, the Group recorded a significant rise in sportswear order volume despite the exits of other sportswear customers. Functional sports apparel remains a priority in facilitating the Group's business growth in the future. Regina Miracle, with its strong, exceptional and selective customer base, will continue to drive the business growth of this segment.

Production Capacity

During the Period, production at the Vietnam and Shenzhen factories accounted for approximately 65% and 35% of the Group's total revenue, respectively, of which the former achieved a significant increase – rising from 53% during same period last year, and is expected to further grow in capacity.

The Group has accumulated three years of factory operation experience in Vietnam. In particular, Factories A and B – its longest running facilities, have steadily matured, which has facilitated a gradual rise in production efficiency as well as improvement in profitability of the production lines of the Vietnamese factories. Following the commencement of operation of Factory C last year, Factories D and E, which house more automated machineries, formally commenced operation during the Period. Hence, the Group has largely completed its factory layout in Vietnam Singapore Industrial Park ("**VSIP**") in Hài Phòng City, Vietnam (the "**VSIP Hài Phòng**"). The Group is now gradually adjusting production lines allocation across Factories C, D and E to perfect its setup.

As at 30 September 2019, the Group had a total of approximately 34,000 employees in Vietnam, among whom skilled workers (i.e. employees with over 1 year of experience) accounted for 68% of the workforce at Factories A and B. With regard to the Shenzhen factory, a workforce of approximately 9,500 served the research and development hub and production base.

THE GROUP'S OPERATING RESULTS

Revenue

We derive our revenue primarily from direct sales of our products. Our total revenue increased by 2.1% from HK$3,062.9 million in 1HF2019 to HK$3,128.7 million in 1HF2020. A comparison of the Group's revenue for 1HF2020 and 1HF2019 by product categories is as follows:

	Six months ended 30 September					
	2019		2018		Change	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Bras and intimate wear	**2,580,294**	**82.5**	2,372,908	77.5	207,386	8.7
Bra pads and other molded products	**345,628**	**11.0**	257,962	8.4	87,666	34.0
Functional sports products	**202,779**	**6.5**	432,047	14.1	(229,268)	(53.1)
	3,128,701	**100.0**	3,062,917	100.0	65,784	2.1

Revenue generated from sales of bras and intimate wear increased by HK$207.4 million, or approximately 8.7%, from HK$2,372.9 million in 1HF2019 to HK$2,580.3 million in 1HF2020. 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 77.5% in 1HF2019 to 82.5% in 1HF2020.

Revenue generated from sales of bra pads and other molded products amounted to HK$345.6 million in 1HF2020, representing an increase of approximately HK$87.7 million, or approximately 34.0%, as compared to 1HF2019, 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 8.4% in 1HF2019 to 11.0% in 1HF2020.

Revenue generated from sales of functional sports products decreased by HK$229.3 million, or approximately 53.1%, from HK$432.0 million in 1HF2019 to HK$202.8 million in 1HF2020. 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 14.1% in 1HF2019 to 6.5% in 1HF2020.

Cost of Sales

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

	Six months ended 30 September					
	2019		2018		Change	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Costs of raw materials	**1,072,482**	**34.2**	1,130,151	36.9	(57,669)	(5.1)
Employee benefit expenses	**977,807**	**31.3**	942,802	30.7	35,005	3.7
Depreciation	**162,512**	**5.2**	118,316	3.9	44,196	37.4
Others	**212,200**	**6.8**	213,564	7.0	(1,364)	(0.6)
	2,425,001	**77.5**	2,404,833	78.5	20,168	0.8

Cost of sales as a percentage of total revenue decreased from 78.5% in 1HF2019 to 77.5% in 1HF2020. This was primarily attributable to our continued efficiency improvement of our Vietnam factories, resulting in a reduction of cost of materials as a percentage of our total revenue.

Cost of sales increased from HK$2,404.8 million in 1HF2019 to HK$2,425.0 million in 1HF2020 primarily due to the increase in employee benefit expenses and depreciation as a result of the continued expansion of our Vietnam factories.

Gross Profit and Gross Profit Margin

	Six months ended 30 September					
	2019		2018			
	Gross Profit	**Gross Profit margin**	Gross Profit	Gross Profit margin	Change	
	HK$'000	***%***	*HK$'000*	*%*	*HK$'000*	*%*
Bras and intimate wear	**590,313**	**22.9**	521,223	22.0	69,090	13.3
Bra pads and other molded products	**74,656**	**21.6**	55,204	21.4	19,452	35.2
Functional sports products	**38,731**	**19.1**	81,657	18.9	(42,926)	(52.6)
	703,700	**22.5**	658,084	21.5	45,616	6.9

Our overall gross profit increased from HK$658.1 million in 1HF2019 to HK$703.7 million in 1HF2020. The gross profit margin in 1HF2020 increased by 1.0 percentage points to 22.5%, as compared to 21.5% in 1HF2019. Such increase was mainly driven by our continued efficiency improvement of the Vietnam factory A and B, which was partially offset by the building in production efficiency of our Vietnam factory C and D.

The gross profit margin of bras and intimate wear increased from 22.0% in 1HF2019 to 22.9% in 1HF2020, primarily due to our continued efficiency improvement of the Vietnam factory A and B, which was partially offset by the building in production efficiency of our Vietnam factory C and D.

Gross profit margin of bra pads and other molded products have remained relatively stable at 21.4% in 1HF2019 and 21.6% in 1HF2020.

Gross profit margin of functional sports products have also remained relatively stable at 18.9% in 1HF2019 and 19.1% in 1HF2020.

Other Income

Our other income consists primarily of government grants and scrap sales income. It increased from HK$17.5 million in 1HF2019 to HK$27.6 million in 1HF2020, primarily attributable to 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 1HF2020 and 1HF2019, the Group's distribution and selling expenses as a percentage of total revenue were 2.6% and 2.4% respectively.

Distribution and selling expenses increased from HK$72.9 million in 1HF2019 to HK$82.1 million in 1HF2020, primarily due to increase in freight and transportation expenses.

General and Administrative Expenses

General and administrative expenses primarily consist of employee benefit expenses for our administrative personnel, depreciation and amortisation, other taxes and surcharges, building management fees, insurance, operating lease rental of land and buildings, office and administrative expenses, bank charges, exchange loss or gain and others. General and administrative expenses as a percentage of total revenue increased from 9.9% in 1HF2019 to 10.6% in 1HF2020, mainly due to 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$303.9 million in 1HF2019 to HK$332.2 million in 1HF2020, 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 as a percentage of total revenue have remained relatively stable at 3.5% in 1HF2019 and 3.4% in 1HF2020.

For 1HF2020 and 1HF2019, the Group's research and development costs remained relatively stable at HK$107.9 million and HK$106.8 million respectively.

Finance Income

Finance income represents interest income on bank deposits.

Finance Costs

Finance costs represent interest expense on borrowings. Our finance costs as a percentage of total revenue increased from 1.1% in 1HF2019 to 2.1% in 1HF2020, due to 1) global trend of rising interest rate; and 2) increase in borrowings, as a result of Vietnam factories expansion in 1HF2020.

Finance costs increased from HK$33.5 million in 1HF2019 to HK$65.5 million in 1HF2020 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.

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits in 1HF2020 and 1HF2019. The applicable tax rate for the PRC subsidiaries of the Group is 25% in 1HF2020 and 1HF2019.

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 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**"). Regina Miracle Intimate Apparel (Shenzhen) Co., Limited, a subsidiary of the Company, has claimed or estimated such Super Deduction in ascertaining its tax assessable profits for 1HF2020 and 1HF2019.

The subsidiaries established and operated in Vietnam were subject to corporate income tax at a rate of 20% in 1HF2020 and 1HF2019. 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.

The Group's income tax expense decreased from HK$25.2 million in 1HF2019 to HK$3.5 million in 1HF2020. Excluding the positive effect of claim of Super Deduction amounted HK$17.9 million (1HF2019: HK$11.8 million), the Group's effective tax rate decreased from 23.3% in 1HF2019 to 14.7% in 1HF2020, mainly attributed to tax holiday enjoyed by the Vietnam subsidiaries and increase in proportion of the Group's Vietnam production during the Period.

Net Profit

As a result of the cumulative effect of the above factors, our net profit for the Period increased by 5.8% from HK$133.7 million in 1HF2019 to HK$141.4million in 1HF2020. Our net profit margin increased from 4.4% in 1HF2019 to 4.5% in 1HF2020.

Liquidity, Financial Resources and Bank Borrowings

The current ratio (calculated as current assets/current liabilities) remained stable at 1.2 times as at 30 September 2019 and 31 March 2019.

As at 30 September 2019, the Group's net debt (represented by bank borrowings less the cash and cash equivalents) was HK$2,762.6 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 30 September 2019 was 94.8% (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 30 September 2019 was 88.6% (31 March 2019: 84.6%).

Working Capital Management

	As at	
	30 September 2019	31 March 2019
	(days)	*(days)*
Receivables turnover days	**46**	48
Payables turnover days	**30**	29
Inventory turnover days	**70**	64

Our receivables, payables and inventory turnover days remained relatively stable and were at healthy levels during 1HF2020.

Capital Expenditures

For 1HF2020, the total addition to property, plant and equipment, right-of-use assets and intangible assets amounted to approximately HK$635.2 million (1HF2019: HK$553.6 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 30 September 2019 and 31 March 2019, the Group did not have assets pledged for bank borrowing.

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 minimise the currency translation risk.

Contingent Liabilities

As at 30 September 2019 and 31 March 2019, 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 the six months ended 30 September 2019, 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 30 September 2019, the Group employed a total of approximately 43,978 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$1,263.4 million, representing 40.4% 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 communication 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 Period and up to the date of this announcement.

FUTURE PROSPECTS AND STRATEGIES

Even though concerns over global economy continue to exist, the Group remains optimistic about its future business growth and expansion plan, owing to its business development in the first half of the financial year, as well as the mid- and near-term business expansion plans of its brand partners.

In respect of capacity planning, all of the factories in VSIP Hài Phòng City, Vietnam have commenced operation, while the new facility in Hung Yen Province that will principally be operated with seamless knitting technology is scheduled to begin operations in the second half of 2020. Consequently, the first phase of investment in production expansion in Vietnam has largely been implemented by Regina Miracle. As the Group is of the view that continuous production line expansion as well as improvement in production efficiency in the existing factories will be sufficient to drive meaningful growth in the near- to medium-term, it has no intention of investing in new operation facilities in the coming two years, but will rather focus on raising the efficiency and productivity of existing and upcoming facilities.

In the past three and a half years, the Group has recruited annually nearly 10,000 new and unskilled employees on average from Hài Phòng City, Vietnam. As training and skills development of new production line staff require time, optimum efficiency as a whole has yet to be met. Nonetheless, the management has witnessed a remarkable rise in efficiency at Factory A that has met their expectations, and will apply the experience gained from the successful operation to the new factories. The Group targets to hire approximately 4,000 additional staff to serve at VSIP Hài Phòng by April 2020, thereby complete its recruitment efforts for the Hài Phòng location. The management is confident that overall production efficiency will significantly increase as development and recruitment efforts for the new factories stabilize, which in turn will help raise the Group's profitability to an optimal level.

In respect of production capacity allocation, the Group will act in concert with its brand partners in their business development across different regions, and appropriately adjust production capacity allocation between Vietnam and Shenzhen. Currently, the production of orders for brand partners that are designated for export to the United States have largely been transferred to Vietnam. The management has also confirmed that the footwear products currently produced in Shenzhen will be transferred to Vietnamese Factory E by March 2020. By leveraging the Group's unique technological capabilities and innovative craftsmanship, the management is confident that the footwear business will grow steadily.

Under the current China-US trade situation, the management will adjust the operational role of the Group's Shenzhen Factory accordingly, which will focus on supporting brand partners' development strategy to explore the Chinese market – locally producing products for their sales in China. Meanwhile, upgrade and transformation of the Shenzhen Factory will also take place, as the Group has already begun manufacturing cross-industry and cross-category developed fabric processing and other accessories for high-tech electronic products. Moreover, production in Vietnam has steadily matured for dealing with technology-demanding products and speed orders, which will lead to a downscaling of the Shenzhen Factory. The management is also actively evaluating a strategy for optimizing the cost structure in Shenzhen, including surrendering tenancy of part of the factory to reduce operating expenses.

With reference to the Group's brand and product portfolio, it will pursue a more balanced customer mix while consolidating ties with the current quality brand partners. Among all of the Group's business segments, intimate wear remains core to its development. Meanwhile, the Group will continue to develop functional sports products, and explore more business opportunities that possess high profitability and growth potential by capitalizing on its distinctive cross-industry and cross-category competitive advantages.

Apart from its product innovation, the Group has in recent years sought to standardise craftsmanship and automate production processes – supported by greater investment of resources. Going forward, the Group will be oriented by automation with respect to production equipment and technological development, which will pave the way for higher production efficiency and increase agility. In tandem, the Group will continue to reinforce its management of upstream supply chains to more effectively control raw materials costs.

Looking ahead, Regina Miracle will uphold its stable development strategy. In the near term, the Group will focus on increasing the productivity of existing and upcoming production capacity by enhancing overall management, in order to achieve profit optimization. The management believes that the fruitful results of efforts in expanding production capacity in Vietnam over the past few years will be fully reflected, which will in turn steer Regina Miracle towards the breaking of new business ground and the creation of long-term value for brand partners and shareholders.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 September 2019, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK3.8 cents (the "**Interim Dividend**") (2018: HK3.6 cents) per ordinary share for the six months ended 30 September 2019 payable on or about Thursday, 19 December 2019 to all shareholders of the Company whose names appear on the register of members of the Company on Thursday, 12 December 2019.

CLOSURE OF REGISTER OF MEMBERS FOR INTERIM DIVIDEND

For the purpose of ascertaining the shareholders' entitlement for the Interim Dividend, the register of members of the Company will be closed from Wednesday, 11 December 2019 to Thursday, 12 December 2019, both days inclusive, during which no transfer of shares will be registered. To qualify for the Interim 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. on Tuesday, 10 December 2019.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board and the management of the Group are committed to the maintenance of good corporate governance practices and procedures. 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 Corporate Governance Code and Corporate Governance Report (the "**CG Code**") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") throughout the six months ended 30 September 2019.

According to code provision A.2.1 of the CG Code, 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 the 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as the guidelines for the Directors' dealings in the securities of the Company. 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 throughout the six months ended 30 September 2019.

AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference in compliance with the CG Code. The Audit Committee consists of three independent non-executive Directors, namely, Dr. Or Ching Fai, Mrs. To Wong Wing Yue Annie and Ms. Tam Laiman. Dr. Or Ching Fai is the chairman of the Audit Committee. 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 Group's independent auditor, PricewaterhouseCoopers, the accounting principles and practices adopted by the Group and discussed auditing, internal controls, and financial reporting matters including the review of the unaudited interim financial information. In addition, the Group's independent auditor has carried out a review of the unaudited interim results in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of The Stock Exchange of Hong Kong Limited at (www.hkexnews.hk) and that of the Company at (www.reginamiracleholdings.com). The interim report of the Company for the six months ended 30 September 2019 will be despatched to the shareholders of the Company and made available on the website of The Stock Exchange of Hong Kong Limited and that of 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 Period.

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

Hong Kong, 26 November 2019

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.