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 2016

FINANCIAL HIGHLIGHTS

	Year ended 31 March		
	2016	**2015**	**Change**
	HK$'000	*HK$'000*	
Revenue	5,081,774	4,192,009	+21.2%
Gross profit	1,254,147	979,384	+28.1%
Profit attributable to owners of the Company	442,054	337,806	+30.9%
Adjusted net profit for the year(1)&(2)	475,477	341,343	+39.3%
Gross profit margin (%)	24.7%	23.4%	+1.3pp
Net profit margin (%)	8.7%	8.1%	+0.6pp
Adjusted net profit margin (%)(1)&(2)	9.4%	8.1%	+1.3pp
	HK cents	*HK cents*	
Earnings per share – basic and diluted	42.2	38.2	+10.5%
Proposed final dividend per share	5.6	–	NA

Note:

(1) Adjusted net profit is derived by adding listing expenses and deducting gains on derivative financial instruments and excluding the related tax impact from the net profit for the year.

(2) This non-GAAP financial data is a supplemental financial measure that is not required by, or presented in accordance with, HKFRSs and is therefore referred to as a "non-GAAP" financial measure. It is not a measurement of the Group's financial performance under HKFRSs and should not be considered as an alternative to profit from operations or any other performance measures derived in accordance with HKFRSs or as an alternative to cash flows from operating activities or as a measure of the Group's liquidity.

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 2016 ("**Fiscal 2016**"), together with the comparative figures for the corresponding year in 2015 ("**Fiscal 2015**"), as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 March 2016

	Note	**2016** *HK$'000*	2015 *HK$'000*
Revenue	*2*	**5,081,774**	4,192,009
Cost of sales		**(3,827,627)**	(3,212,625)
Gross profit		**1,254,147**	979,384
Other income	*3*	**13,237**	3,751
Other gains	*4*	**3,743**	910
Distribution and selling expenses	*6*	**(124,112)**	(79,337)
General and administrative expenses	*6*	**(354,692)**	(305,023)
Research and development costs	*6*	**(151,005)**	(125,792)
Listing expenses		**(37,121)**	(6,172)
Gains on derivative financial instruments, net	*5*	**473**	3,156
		604,670	470,877
Finance income		**3,547**	1,423
Finance costs		**(44,525)**	(52,119)
Finance costs, net	*7*	**(40,978)**	(50,696)
Profit before income tax		**563,692**	420,181
Income tax expense	*8*	**(121,638)**	(82,375)
Profit for the year attributable to owners of the Company		**442,054**	337,806
Earnings per share attributable to the owners of the Company during the year (expressed in HK cents per share)			
– basic and diluted	*9*	**42.2 cents**	38.2 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2016

	2016 *HK$'000*	2015 *HK$'000*
Profit for the year	**442,054**	337,806
Other comprehensive (loss)/income:		
Items that have been reclassified or may be subsequently reclassified to profit or loss		
Currency translation differences	**(25,332)**	(5,824)
Fair value gain on available-for-sale financial assets	**1,161**	2,749
Reclassification adjustment upon assignment and disposal of available-for-sale financial assets	**(3,430)**	(825)
Other comprehensive loss for the year, net of tax	**(27,601)**	(3,900)
Total comprehensive income attributable to owners of the Company	**414,453**	333,906

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2016

	Note	2016 HK$'000	2015 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**1,980,100**	1,067,422
Leasehold land and land use rights		**170,019**	118,095
Intangible assets		**46,085**	36,183
Available-for-sale financial assets		**48,626**	89,393
Deposits and prepayments		**80,015**	14,219
Deferred tax assets		**–**	597
		2,324,845	1,325,909
Current assets			
Inventories		**701,739**	573,715
Trade and bills receivables	*11*	**570,391**	430,716
Deposits, prepayments and other receivables		**39,007**	20,462
Amount due from a shareholder	*12*	**–**	500,740
Available-for-sale financial assets		**–**	4,949
Derivative financial instruments		**4,732**	1,341
Tax recoverable		**1,811**	4,581
Short-term bank deposits		**–**	12,495
Cash and cash equivalents		**947,000**	254,729
		2,264,680	1,803,728
Total assets		**4,589,525**	3,129,637
EQUITY			
Equity attributable to the owners of the Company			
Share capital		**95,247**	1
Reserves		**2,571,705**	1,131,283
Total equity		**2,666,952**	1,131,284

	Note	**2016**	2015
		HK$'000	*HK$'000*
LIABILITIES			
Non-current liabilities			
Borrowings		**396,852**	555,289
Deferred income tax liabilities		**10,223**	4,152
		407,075	559,441
Current liabilities			
Trade payables	*13*	**260,834**	356,588
Accruals and other payables		**467,818**	241,761
Borrowings		**720,512**	685,013
Derivative financial instruments		**8,969**	98,465
Current income tax liabilities		**57,365**	57,085
		1,515,498	1,438,912
Total liabilities		**1,922,573**	1,998,353
Total equity and liabilities		**4,589,525**	3,129,637

NOTES

1. BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRS**"). They have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and financial liabilities at fair value through profit or loss (including derivative financial instruments), which are carried at fair values.

(a) New and amended standards adopted by the Group

The following amendments to standards are mandatory for accounting periods beginning on or after 1 April 2015. The adoption of these amendments to standards does not have any significant impact to the results and financial position of the Group:

HKAS 19 (2011) (Amendment)	Defined benefit plans: Employee contributions
HKFRSs (Amendment)	Annual improvements 2012 cycle
HKFRSs (Amendment)	Annual improvements 2013 cycle

(b) New standards and amendments to existing standards have been issued but are not effective for the financial year beginning 1 April 2015 and have not been early adopted

		Effective for accounting periods beginning on or after
HKAS 1 (Amendment)	Disclosure initiative	1 April 2016
HKAS 16 and HKAS 38 (Amendments)	Clarification of acceptable methods of depreciation and amortisation	1 April 2016
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer plants	1 April 2016
HKAS 27 (Amendment)	Equity method in separate financial statements	1 April 2016
HKFRS 9	Financial instruments	1 April 2018
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment entities: Applying the consolidation exception	1 April 2016
HKFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operations	1 April 2016
HKFRS 14	Regulatory deferral accounts	1 April 2016
HKFRS 15	Revenue from contracts with customers	1 April 2018
HKFRSs (Amendment)	Annual improvements 2014 cycle	1 April 2016

The Group is in the process of making an assessment of the impact of the new standards and amendments to existing standards upon initial application. So far, it has concluded that the new standards and amendments to existing standards are unlikely to have significant impact on the Group's results of operations and financial position.

2. 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 statements. 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 2016 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	**3,561,151**	**964,563**	**556,060**	**5,081,774**
Gross profit/segment results	**828,897**	**273,463**	**151,787**	**1,254,147**
Other income				**13,237**
Other gains				**3,743**
Distribution and selling expenses				**(124,112)**
General and administrative expenses				**(354,692)**
Research and development costs				**(151,005)**
Listing expenses				**(37,121)**
Gains on derivative financial instruments, net				**473**
Finance income				**3,547**
Finance costs				**(44,525)**
Profit before income tax				**563,692**
Income tax expense				**(121,638)**
Profit for the year				**442,054**

Other segment item included in the consolidated income statement for the year ended 31 March 2016 is as follows:

Depreciation included in cost of sales	**53,846**	**47,074**	**8,407**	**109,327**

The segment results for the year ended 31 March 2015 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	2,941,077	774,793	476,139	4,192,009
Gross profit/segment results	648,897	220,542	109,945	979,384
Other income				3,751
Other gains				910
Distribution and selling expenses				(79,337)
General and administrative expenses				(305,023)
Research and development costs				(125,792)
Listing expenses				(6,172)
Gains on derivative financial instruments, net				3,156
Finance income				1,423
Finance costs				(52,119)
Profit before income tax				420,181
Income tax expense				(82,375)
Profit for the year				337,806

Other segment item included in the consolidated income statement for the year ended 31 March 2015 is as follows:

Depreciation included in cost of sales	50,918	44,871	8,243	104,032

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

	2016 ***HK$'000***	2015 *HK$'000*
United States	**3,130,440**	2,569,062
The PRC	**526,638**	366,246
Europe	**387,671**	313,762
Hong Kong	**268,677**	296,235
South-east Asia *(Note a)*	**219,827**	220,296
South Asia *(Note b)*	**114,294**	77,982
Japan	**55,037**	71,798
Other countries/regions *(Note c)*	**379,190**	276,628
	5,081,774	4,192,009

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 available-for-sale financial assets, of the Group are located in the following geographical areas:

	2016	2015
	HK$'000	*HK$'000*
The PRC	**950,327**	929,666
Hong Kong	**64,688**	37,947
Vietnam	**1,261,204**	268,903
	2,276,219	1,236,516

3. OTHER INCOME

	2016	2015
	HK$'000	*HK$'000*
Scrap sales income	**3,236**	2,828
Dividend income from financial assets at fair value through profit or loss	**–**	384
Government grants	**8,572**	–
Others	**1,429**	539
	13,237	3,751

4. OTHER GAINS

	2016	2015
	HK$'000	*HK$'000*
Gain on disposal of available-for-sale financial assets	**3,743**	–
Gain on financial assets at fair value through profit or loss	**–**	910
	3,743	910

5. GAINS ON DERIVATIVE FINANCIAL INSTRUMENTS, NET

	2016	2015
	HK$'000	*HK$'000*
Fair value gain/(loss) on derivative financial instruments		
– foreign exchange forward contracts	**3,069**	(14,993)
– interest rate swap contracts	**–**	2,750
– shareholder indemnification in relation to the settlement losses of foreign exchange forward contracts	**4,732**	–
(Loss)/gain on settlement of derivative financial instruments		
– foreign exchange forward contracts	**(7,358)**	10,180
– interest rate swap contracts	**30**	(4,926)
– equity put options *(Note)*	**–**	10,145
	473	3,156

Note: The Group entered into equity put options with a bank during the year ended 31 March 2015. There were no outstanding equity put options as at 31 March 2016 and 2015.

6. EXPENSES BY NATURE

The following items have been charged to the consolidated income statement during the year:

	2016	2015
	HK$'000	*HK$'000*
Amortisation of leasehold land and land use rights	**2,709**	403
Amortisation of intangible assets	**8,509**	4,530
Depreciation of property, plant and equipment	**132,469**	126,468

7. FINANCE COSTS, NET

	2016	2015
	HK$'000	*HK$'000*
Finance income		
– interest income on bank deposits	**3,547**	1,423
Finance costs		
– interest expense on amount due to a related party	**–**	(951)
– interest expense on borrowings	**(55,529)**	(51,168)
	(55,529)	(52,119)
Less: interest expenses capitalised	**11,004**	–
	(44,525)	(52,119)
Finance costs, net	**(40,978)**	(50,696)

8. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits for the year ended 31 March 2016. One of the Hong Kong subsidiaries was subject to Hong Kong profits tax at a rate of 8.25% in respect of its profits derived from the contract processing arrangement during the year ended 31 March 2015. The contract processing arrangement ceased during the year ended 31 March 2015 which resulted in its loss of the preferential profits tax rate of 8.25% and an increase in the profits tax rate from 8.25% to 16.5% thereafter.

The applicable tax rate for the PRC subsidiaries of the Group is 25% (2015: 25%) for the year ended 31 March 2016.

The subsidiaries established and operated in Vietnam were subject to corporate income tax at a rate of 22% (2015: 22%). In accordance with the applicable tax regulations, the subsidiaries are subject to a lower tax rate of 10% for fifteen consecutive years, commencing from the first year of making revenue. In addition, the subsidiaries are 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 Vietnam subsidiaries of the Group do not have any taxable profit for the year ended 31 March 2016 (2015: Nil).

The amount of taxation charged/(credited) to the consolidated income statement represents:

	2016 ***HK$'000***	2015 *HK$'000*
Current income tax		
– Hong Kong profits tax	**68,451**	59,264
– PRC enterprise income tax	**46,519**	23,678
Deferred income tax	**6,668**	(567)
Income tax expense	**121,638**	82,375

9, 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.

	2016	2015
Profit attributable to owners of the Company (HK$'000)	**442,054**	337,806
Weighted average number of ordinary shares in issue ('000)	**1,047,411**	885,000
Basic earnings per share (expressed in HK cents per share)	**42.2**	38.2

Note: The calculations of the basic and diluted earnings per share for the years ended 31 March 2016 and 2015 were adjusted retrospectively for the sub-division of ordinary shares from 100 shares to 10,000 shares taken place on 11 September 2015; and the capitalisation issue of 884,990,000 shares taken place on 8 October 2015.

(b) Diluted

Diluted earnings per share for the years ended 31 March 2016 and 2015 are the same as the basic earnings per share as there were no potentially dilutive ordinary shares issued.

10. DIVIDENDS

	2016	2015
	HK$'000	*HK$'000*
Final dividend, proposed, of HK5.6 cents per ordinary share *(Note (i))*	**68,558**	–
Dividends declared by the Company to its then equity holder *(Note (ii))*	**680,000**	230,000

Notes:

(i) At a meeting held on 30 June 2016, a final dividend of HK5.6 cents per ordinary share of the Company, totalling approximately HK$68,558,000 for the year ended 31 March 2016 is to be proposed. This proposed dividend is not reflected as a dividend payable in these consolidated financial statements, but will be reflected as an appropriation for the year ending 31 March 2017.

(ii) Pursuant to the written resolutions passed by the shareholder on 11 September 2015, a special dividend of HK$680,000,000 was declared and settled against outstanding amount due from a shareholder using the distributable reserves of the Company prior to its listing during the year ended 31 March 2016.

During the year ended 31 March 2015, a dividend of HK$2,300,000 per ordinary share was declared on 31 March 2015 and was offset against the amount due from a shareholder.

11. TRADE AND BILLS RECEIVABLES

Trade and bills receivables, based on due date, were aged as follows:

	2016	2015
	HK$'000	*HK$'000*
Current	**467,789**	328,783
1–30 days	**62,154**	79,274
31–60 days	**29,267**	6,325
61–90 days	**3,149**	8,545
Over 90 days	**8,032**	7,789
Amounts past due but not impaired	**102,602**	101,933
	570,391	430,716

The credit period granted by the Group is generally 30 to 120 days. Amounts past due but not impaired relate to a number of independent customers for whom there is no recent history of default.

As at 31 March 2016 and 2015, the Group does not hold any collateral as security and no trade and bills receivables were considered impaired and had been provided for.

As at 31 March 2016, included in Group's trade and bills receivables were amounts due from related parties of approximately HK$3,991,000 (2015: HK$20,256,000).

12. AMOUNT DUE FROM A SHAREHOLDER

As at 31 March 2015, the amount due from a shareholder was unsecured, interest-free and repayable on demand.

The amount was denominated in Hong Kong dollars. The carrying amount of amount due from a shareholder approximated its fair value. The amount due from a shareholder was not impaired.

During the year ended 31 March 2016, a special dividend of HK$680,000,000 was declared and settled through offsetting the outstanding amount due from a shareholder using the distributable reserves of the Company prior to the listing of the Company.

13. TRADE PAYABLES

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

	2016	2015
	HK$'000	*HK$'000*
0–30 days	**115,357**	141,538
31–60 days	**77,767**	112,439
61–90 days	**67,037**	92,711
Over 90 days	**673**	9,900
	260,834	356,588

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Market Review

During the year under review, the market environment has been challenging. However, as an innovative design manufacturer ("**IDM**"), Regina Miracle has a competitive advantage over its rivals for its innovation and R&D as it is able to deliver and sell its innovative ideas to the world's leading brands, many of which have close cooperative partnerships with the Group.

It is worth noting as well that overall raw material prices have fallen to some extent as the result of lower crude oil prices and excess upstream supply, while depreciation of Renminbi also helped reign in the cost of labor. Such developments have been favorable for the Group as the overall costs have declined while the prices of its products have remained relatively stable. Another positive development is the Trans-Pacific Partnership ("**TPP**") signed on 4 February 2016[1], which when it comes into force, will increase the appeal of Vietnam as a manufacturing hub. Given that the Group's first production facility in Vietnam started operation in March 2016, plus the Group's concrete expansion plans, Regina Miracle is well positioned to seize fresh opportunities ahead.

Business Review

Financial Performance

Regina Miracle achieved a major milestone with its listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") on 8 October 2015, and is pleased to report its first annual results since this significant achievement. For the year ended 31 March 2016, the Group recorded total revenue of HK$5,081.8 million, a year-on-year increase of 21.2%. Gross profit climbed 28.1% to HK$1,254.1 million, due primarily to lower raw materials costs and its ability to further enhance production efficiency. Net profit rose by 30.9% to HK$442.1 million. After adding listing expenses and deducting net gains on derivative financial instruments, and excluding related taxes, the adjusted net profit of the Group for the reporting year amounts to HK$475.5 million, up 39.3% from last year.

[1] The Trans-Pacific Partnership (TPP) is a free trade agreement (FTA) among twelve Pacific-rim countries, namely New Zealand, Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, Peru, Singapore, the United States and Vietnam. TPP was signed on 4 February 2016 in Auckland, New Zealand. It will not enter into force until all TPP signatories complete their respective domestic treaty ratification processes for the TPP or at least six original signatories representing 85% of the total GDP of the twelve original signatories have successfully ratified the agreement.

THE GROUP'S OPERATING RESULTS

Revenue

The Group's revenue is primarily derived from direct sales of its products. The total revenue increased by 21.2% from HK$4,192.0 million in Fiscal 2015 to HK$5,081.8 million in Fiscal 2016, primarily due to an increased demand from its customers on sports bras, molded sports footwear uppers, and sports footwear. A comparison of the Group's revenue for Fiscal 2016 and Fiscal 2015 by product categories is as follows:

	Year ended 31 March					
	2016		2015		Change	
	HK$'000	***% of Revenue***	*HK$'000*	*% of Revenue*	*HK$'000*	*%*
Bras and intimate wear	**3,561,151**	**70.1**	2,941,077	70.2	620,074	21.1
Bra pads and other molded products	**964,563**	**19.0**	774,793	18.5	189,770	24.5
Functional sports products	**556,060**	**10.9**	476,139	11.3	79,921	16.8
	5,081,774	**100.0**	4,192,009	100.0	889,765	21.2

Revenue generated from sales of bras and intimate wear increased by HK$620.1 million, or 21.1%, from HK$2,941.1 million in Fiscal 2015 to HK$3,561.2 million in Fiscal 2016. The increase was primarily due to the increase in sales volume of bras, in particular sports bras. Revenue generated from sales of bras and intimate wear as a percentage of the Group's total revenue remained relatively stable in Fiscal 2015 and Fiscal 2016.

Revenue generated from sales of bra pads and other molded products amounted to HK$964.6 million in Fiscal 2016, representing an increase of HK$189.8 million, or 24.5%, as compared to Fiscal 2015. While sales of bra pads remained relatively stable, the growth in revenue was mainly due to increase in sales of molded sports footwear uppers. Revenue generated from sales of bra pads and other molded products as a percentage of the Group's total revenue remained relatively stable in Fiscal 2015 and Fiscal 2016.

Revenue generated from sales of functional sports products increased by HK$79.9 million, or 16.8%, from HK$476.1 million in Fiscal 2015 to HK$556.1 million in Fiscal 2016. The increase was primarily due to the increase in sales volume of sports footwear. Revenue generated from sales of functional sports products as a percentage of the Group's total revenue remained relatively stable in Fiscal 2015 and Fiscal 2016.

Cost of sales

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

	Year ended 31 March					
	2016		2015		Change	
	HK$'000	***% of Revenue***	*HK$'000*	*% of Revenue*	*HK$'000*	*%*
Costs of raw materials	**1,827,479**	**36.0**	1,687,928	40.3	139,551	8.3
Employee benefit expenses	**1,573,497**	**31.0**	1,155,996	27.6	417,501	36.1
Depreciation	**109,327**	**2.2**	104,032	2.5	5,295	5.1
Others	**317,324**	**6.1**	264,669	6.2	52,655	19.9
	3,827,627	**75.3**	3,212,625	76.6	615,002	19.1

Cost of sales as a percentage of total revenue decreased from 76.6% in Fiscal 2015 to 75.3% in Fiscal 2016. It was primarily attributable to decrease in the cost of raw materials as a percentage of the Group's total revenue.

Cost of sales increased from HK$3,212.6 million in Fiscal 2015 to HK$3,827.6 million in Fiscal 2016 primarily due to increases in costs of raw materials as a result of increased sales, increases in employee benefit expenses as a result of an uplift of the minimum wage floor in the PRC as well as the increased headcount for production.

Gross profit and gross profit margin

	Year ended 31 March					
	2016		2015			
	Gross Profit ***HK$'000***	**Gross Profit margin** *%*	Gross Profit *HK$'000*	Gross Profit margin *%*	Change *HK$'000*	*%*
Bras and intimate wear	**828,897**	**23.3**	648,897	22.1	180,000	27.7
Bra pads and other molded products	**273,463**	**28.4**	220,542	28.5	52,921	24.0
Functional sports products	**151,787**	**27.3**	109,945	23.1	41,842	38.1
	1,254,147	**24.7**	979,384	23.4	274,763	28.1

The Group's overall gross profit increased from HK$979.4 million in Fiscal 2015 to HK$1,254.1 million in Fiscal 2016. The gross profit margin in Fiscal 2016 increased by 130 basis points to 24.7%, as compared to 23.4% in Fiscal 2015. The improved gross profit margin was mainly driven by the lower raw material costs as a percentage of the Group's total revenue and the increased cost effectiveness brought by improvements in production efficiency and economies of scale as a result of the continual expansion.

The gross profit margin of bras and intimate wear increased from 22.1% in Fiscal 2015 to 23.3% in Fiscal 2016, primarily due to full ramp-up of the Group's newly added production lines, as well as further improvements of production efficiency.

The gross profit margin of bra pads and other molded products was relatively stable in Fiscal 2015 and Fiscal 2016.

The gross profit margin of functional sports products increased from 23.1% in Fiscal 2015 to 27.3% in Fiscal 2016 primarily due to the full ramp-up of the Group's production lines of sports footwear, and increased cost effectiveness brought by improvements in production efficiency and economies of scale as a result of the continual expansion.

Other income

Other income of the Group consists primarily of scrap sales income and government grants. Increase in other income by HK$9.4 million from HK$3.8 million in Fiscal 2015 to HK$13.2 million in Fiscal 2016, was primarily attributable to grants of government subsidies amounted HK$8.6 million in the year.

Other gains

Other gains consist of gain on disposal of available-for-sale financial assets and gain on financial assets at fair value through profit or loss. The Group recorded other gains of HK$3.7 million in Fiscal 2016 as compared to HK$0.9 million in Fiscal 2015.

Distribution and selling expenses

Distribution and selling expenses primarily consist of freight and transportation expenses, employee benefit expenses for the Group's sales personnel, traveling expenses, declaration charges, marketing and promotion expenses and others. Distribution and sales expenses as a percentage of total revenue increased from 1.9% in Fiscal 2015 to 2.4% in Fiscal 2016 primarily due to increase in freight and transportation expenses.

Distribution and selling expenses increased by 56.4% from HK$79.3 million in Fiscal 2015 to HK$124.1 million in Fiscal 2016. The increase was primarily attributable to increase in employee benefit expenses as a result of increased headcount of sales personnel, and increase in freight and transportation expenses as a result of more air freight expenses were incurred in Fiscal 2016 for fulfilling increased customers' demand under the Group's production capacity constraint.

General and administrative expenses

General and administrative expenses primarily consist of employee benefit expenses for the Group's administrative personnel, depreciation and amortization, other taxes and surcharges, building management fee, 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 decreased from 7.3% in Fiscal 2015 to 7.0% in Fiscal 2016 primarily due to the Group's enhanced operational efficiency as well as greater economies of scale.

General and administrative expenses increased by 16.3% from HK$305.0 million in Fiscal 2015 to HK$354.7 million in Fiscal 2016. The increase was primarily attributable to the increase in employee benefit expenses as a result of an uplift of the minimum wage floor in the PRC as well as the increased headcount of administrative personnel to support the Group's growing business.

Research and development costs

Research and development costs consist of employee benefit expenses for the research and development personnel, raw materials and consumables used and others. Research and development costs have remained relatively stable at 3.0% of total revenue in Fiscal 2015 and Fiscal 2016.

Research and development costs increased by 20.0% from HK$125.8 million in Fiscal 2015 to HK$151.0 million in Fiscal 2016, primarily due to an increase of HK$19.1 million in employee benefit expenses of research and development personnel as a result of the Group's strategic focus on innovation, research and development.

Listing expenses

Listing expenses for Fiscal 2016 represented expenses incurred for the listing and were non-recurring in nature.

Gains on derivative financial instruments, net

Gains on derivative financial instruments consist of fair value gains less settlement losses on derivative financial instruments.

Finance income

Finance income represents interest income on bank deposits.

Finance costs

Finance costs represent interest expense on borrowings and interest expense on amount due to a related party, net of interest expenses capitalised. For Fiscal 2015 and Fiscal 2016, the Group's finance costs represented 1.2% and 0.9% of its total revenue respectively.

Finance costs decreased by 14.6% from HK$52.1 million in Fiscal 2015 to HK$44.5 million in Fiscal 2016, primarily due to repayment of term loans and lower effective interest rate of the borrowings. As at 31 March 2016, the Group's borrowings bore floating rates and the effective interest rate of the outstanding bank borrowings was 2.5% per annum (31 March 2015: 2.8% per annum).

Income tax expense

Income tax expense represents the Group's total current and deferred tax expenses under the relevant Hong Kong, PRC and Vietnam income tax rules and regulations.

Hong Kong profits tax has been provided at the rate of 16.5% (Fiscal 2015: 16.5%) on the estimated assessable profits for Fiscal 2016. One of the Hong Kong subsidiaries was subject to Hong Kong profits tax at a rate of 8.25% in respect of its profits derived from the contract processing arrangement during Fiscal 2015. The contract processing arrangement ceased in Fiscal 2015 which resulted in its loss of the preferential profits tax rate of 8.25% and an increase in the profits tax rate from 8.25% to 16.5% thereafter.

The applicable tax rate for the PRC subsidiaries of the Group is 25% (Fiscal 2015: 25%) for Fiscal 2016.

The subsidiaries established and operated in Vietnam were subject to corporate income tax at a rate of 22% (Fiscal 2015: 22%). In accordance with the applicable tax regulations, the subsidiaries are subject to a lower tax rate of 10% for fifteen consecutive years, commencing from the first year of making revenue. In addition, the subsidiaries are 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 Vietnam subsidiaries of the Group do not have any taxable profit for Fiscal 2016 (Fiscal 2015: Nil).

The Group's income tax expense increased from HK$82.4 million in Fiscal 2015 to HK$121.6 million in Fiscal 2016, as a result of an increase in taxable income. The Group's effective tax rate increased from 19.6% in Fiscal 2015 to 21.6% in Fiscal 2016, mainly due to cessation of the contract processing arrangement of one of the Hong Kong subsidiaries and non-deductibility of listing expenses from the taxable profits of the Group.

Net profit and adjusted net profit

As a result of the cumulative effect of the above factors, the Group's profit for the year increased by 30.9% from HK$337.8 million in Fiscal 2015 to HK$442.1 million in Fiscal 2016. The net profit margin increased from 8.1% in Fiscal 2015 to 8.7% in Fiscal 2016.

The Group's adjusted net profit for the year increased by 39.3% from HK$341.3 million in Fiscal 2015 to HK$475.5 million in Fiscal 2016. The adjusted net profit margin increased from 8.1% in Fiscal 2015 to 9.4% in Fiscal 2016.

Liquidity, financial resources and bank borrowings

The Group maintains a strong and healthy financial position. As at 31 March 2016, net working capital (calculated as current assets less current liabilities) was HK$749.2 million, representing an increase of HK$384.4 million, or 105.4%, as compared with HK$364.8 million as at 31 March 2015. The current ratio (calculated as current assets over current liabilities) increased from 1.3 times as at 31 March 2015 to 1.5 times as at 31 March 2016.

Net proceeds from the Group's initial public offering (the "**Global Offering**") (including the full exercise of the over-allotment option completed on 14 October 2015) amounted to an aggregate of approximately HK$1,754.4 million. As at 31 March 2016, the Group's net debt (represented by bank borrowings less the cash and cash equivalents and short-term bank deposits) was HK$170.4 million (31 March 2015: HK$973.1 million). Gearing ratio as at 31 March 2016 was 6.4% (31 March 2015: 86.0%), which was calculated as net debt divided by total equity.

Working capital management

	As at	
	31 March 2016 (days)	31 March 2015 (days)
Inventory turnover days	**61**	64
Receivables turnover days	**36**	39
Payables turnover days	**29**	38

The decrease in inventory turnover days from 64 days for Fiscal 2015 to 61 days for Fiscal 2016 was primarily due to the improved inventory control management of the Group.

The decrease in receivables turnover days from 39 days for Fiscal 2015 to 36 days for Fiscal 2016 was primarily attributable to improvement of management of trade receivables.

Payables turnover days decreased from 38 days for Fiscal 2015 to 29 days for Fiscal 2016. It was primarily due to the Group's improved procurement management, and its strategy of shortening payment day to suppliers for securing stable and efficient raw materials supply to meet the growing customer demand.

Capital expenditures

For Fiscal 2016, total addition to property, plant and equipment, leasehold land and land use rights, and intangible assets amounted to HK$1,131.1 million (Fiscal 2015: HK$332.8 million), and was mainly attributable to the establishment of the Group's Vietnam facilities amounted to HK$968.1 million to cope with its overall business expansion.

Pledged assets

As at 31 March 2015, the Group pledged (i) debt securities of HK$4.9 million; (ii) investment funds of HK$3.9 million; and (iii) insurance policy investments of HK$44.4 million to secured bank borrowings.

As at 31 March 2016, the Group did not have assets pledged for bank borrowing.

Foreign exchange risk

The Group mainly operates in Hong Kong and the PRC. Most of operating expenses are denominated in Renminbi. Over 98% of the Group's sales in Fiscal 2016 are denominated and settled in U.S. dollars or HK dollars. HK dollars are pegged to U.S. dollars, and thus the foreign exchange exposure in respect of HK dollars is considered minimal.

The Group entered into foreign exchange forward contracts to mitigate its exposures of Renminbi against U.S. dollars. As of 31 March 2015 and 31 March 2016, the notional principal amount of the foreign exchange forward contracts in respect of the Renminbi against the U.S. dollar was US$34.5 million, and US$4.5 million respectively. The 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 2016, 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 2016, 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**"), the Group has no specific plan for major investment or acquisition for major capital assets or other businesses as at 31 March 2016. However, the Group will continue to identify new opportunities for business development.

Employees and remuneration policies

As at 31 March 2016, the Group employed a total of 26,677 full-time staff (31 March 2015: 19,539). The increase in the number of employees was mainly due to the increase in the scale of the Group's business.

The Group believes its success depends heavily upon its employees' provision of consistent, quality and reliable services. In order to attract, retain and develop the knowledge, skill level and quality of its employees, it places a strong emphasis on training its employees. The Group provides 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. In addition, it sponsored qualified employees to attend other off-site management and technical training courses. The Group has a management trainee program for which it recruits annually university graduates in specific disciplines with high management potential.

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

SUBSEQUENT EVENTS

There are no significant subsequent events affecting the Group that took place from 1 April 2016 to the date of this announcement.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

On 8 October 2015, the Company's shares were listed on the Main Board of the Hong Kong Stock Exchange. Net proceeds from the Global Offering (including the full exercise of the over-allotment option completed on 14 October 2015), after deducting the underwriting commission and other estimated expenses in connection with the Global Offering which the Company received amounted to an aggregate of approximately HK$1,754.4 million.

As stated in the Prospectus, the Group planned to use the proceeds from the Global Offering mainly for increasing production capacity, repaying borrowings, and for working capital and general corporate purposes. For the period from 8 October 2015, the date on which the Company's shares are listed on the Main Board of the Hong Kong Stock Exchange, to 31 March 2016, the Group's total cost of increasing production capacity, repaying borrowings, and for general working capital purposes, by using the proceeds from the Global Offering, amounted to HK$1,145.7 million. Unutilised net proceeds as at 31 March 2016 were deposited in licensed banks in Hong Kong.

FUTURE PROSPECTS AND STRATEGIES

As stated in the report dated September 2015 prepared by Frost & Sullivan (Beijing) Inc., Shanghai Branch on global intimate wear industry, total sales value of the global intimate wear industry is projected to reach US$463.9 billion by 2019. While such a projection is favorable for all industry players, the Group will seek to fully capitalize on the uptrend by leveraging its IDM business model, underpinned by its focus on ***Innovation, Speed, and Quality.***

With the Group's successful listing on the Hong Kong Stock Exchange, it will capitalize on the fresh injection of capital to invest in relevant technologies, and in particular, dedicate still greater energies towards R&D leading to the introduction of innovative products and solutions desired by its brand partners. The Group is committed to further consolidating its leading position as global intimate wear IDM in order to achieve sustainable growth. Hence, it will continue to devote substantial resources to cross-industry and cross-product-line technology innovations and R&D activities for launching break-through technologies and products, which in turn will further strengthen its relationships with existing brand partners. Apart from continuously expanding the Group's intimate wear businesses and strengthening its market position in the intimate wear industry, it will also further expand into the functional sports products industries by launching more sports footwear, functional seamless sportswear, and associated wearable sports products so as to stimulate business growth and broaden its customer base. The Group also plans to deploy a more robust information technology platform and higher-efficiency production planning systems to raise production efficiency as well as minimize inventory levels.

In addition, Regina Miracle has been striving to expand its production capacity by constructing additional production facilities in Vietnam. While the first plant in Vietnam has commenced operation just prior to the end of Fiscal 2016, the construction work of the second facility, also located in the VSIP in Hai Phong City, Vietnam, has been completed in June this year, with the third and fourth facilities in Vietnam starting construction within this year. The Group expects to have three additional facilities in Vietnam in operation by 2020, which will increase the Group's production capacity. The management believes that the expansion plan will help the Group capture growth opportunities in different segments of the market.

The three major business segments namely bras and intimate wear, bra pads and other molded products, and functional sports products will remain the primary focus of the Group in the foreseeable future. With the sports bra segment set to enter a rapid growth phase in the next two to three years, the Group will capitalize on its innovative products and business ties with renowned partners to achieve steady growth. The functional sports product segment is also set for further growth as more production capacity will be allocated to this business. The management believes that the overall product portfolio will become more balanced in the coming years, which in turn will result in the stable development of the Group.

As the Group sets about strengthening its all-round capabilities, including products, R&D capacity and production, it will leverage its greatest asset, its colleagues, to achieve strides forward. Through the experience of its management team and the diligence of every colleague, still greater returns will be delivered to the Group's shareholders.

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 the audit committee, the nomination committee and the remuneration 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 Rule**").

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 since 8 October 2015, the date on which the shares of the Company were listed on the Hong Kong Stock Exchange (the "**Listing Date**") and up to 31 March 2016.

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. 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 external auditor of the Company the consolidated financial statements of the Group for Fiscal 2016, 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 2016.

The terms of reference of the Audit Committee were revised on 24 March 2016 to include overseeing the risk management system of the Company as one of its functions and are available for inspection on the websites of the Company at www.reginamiracleholdings.com and the Hong Kong Stock Exchange at www.hkexnews.hk.

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 to 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 since the Listing Date and up to 31 March 2016.

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 since the Listing Date and up to 31 March 2016.

FINAL DIVIDEND

The Board has resolved to propose a final dividend of HK5.6 cents per share for the first financial year following Regina Miracle's listing, representing a distribution of approximately 30.5% of the Group's net profit for the period from the Listing Date to 31 March 2016.

The proposed final dividend payment is subject to approval by the shareholders of the Company at the annual general meeting ("**AGM**") to be held on Wednesday, 31 August 2016. If approved by shareholders, the proposed final dividend is expected to be paid on or about 20 September 2016 to shareholders whose names appear on the register of members of the Company on 8 September 2016.

CLOSURE OF REGISTER OF MEMBERS

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

(1) Shareholders whose names appear on the register of members of the Company on 31 August 2016 are entitled to attend and vote at the AGM. The register of members of the Company will be closed from Monday, 29 August 2016 to Wednesday, 31 August 2016, 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. on Friday, 26 August 2016.

(2) The final dividend will be payable on or about Tuesday, 20 September 2016 to the shareholders whose names appear on the register of members of the Company on Thursday, 8 September 2016. For the purpose of ascertaining shareholders' entitlement for the final dividend, the register of members of the Company will be closed from Tuesday, 6 September 2016 to Thursday, 8 September 2016, 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. on Monday, 5 September 2016.

ANNUAL GENERAL MEETING

The AGM will be held on Wednesday, 31 August 2016. 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 Hong Kong Stock Exchange at www.hkexnews.hk and the Company's website at www.reginamiracleholdings.com. The 2016 annual report and the notice of the AGM will be dispatched to the shareholders of the Company and made available on the websites of the Hong Kong Stock Exchange 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 2016.

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

Hong Kong, 30 June 2016

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.