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 2018

FINANCIAL HIGHLIGHTS

	Year ended 31 March		
	2018	**2017**	**Change**
	HK$'000	*HK$'000*	
Revenue	5,868,048	4,676,937	25.5%
Gross profit	1,247,049	915,825	36.2%
Profit attributable to owners of the Company	240,188	97,635	146.0%
Gross profit margin (%)	21.3%	19.6%	1.7pp
Net profit margin (%)	4.1%	2.1%	2.0pp
	HK cents	*HK cents*	
Earnings per share – basic and diluted	19.6	8.0	
Dividend per share	6.3	2.5	
– *Interim dividend*	*2.5*	*–*	
– *Proposed final dividend*	*3.8*	*2.5*	

ANNUAL RESULTS

The board of directors (the "**Board**") of Regina Miracle International (Holdings) Limited ("**Regina Miracle**" or the "**Company**") is pleased to announce the annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2018 ("**Fiscal 2018**"), together with the comparative figures for the corresponding year in 2017 ("**Fiscal 2017**"), as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2018

	Note	**2018**	2017
		HK$'000	*HK$'000*
Revenue	*2*	**5,868,048**	4,676,937
Cost of sales	*4*	**(4,620,999)**	(3,761,112)
Gross profit		**1,247,049**	915,825
Other income and other gains, net	*3*	**21,760**	25,070
Distribution and selling expenses	*4*	**(158,977)**	(121,742)
General and administrative expenses	*4*	**(578,594)**	(467,298)
Research and development costs	*4*	**(195,920)**	(160,297)
		335,318	191,558
Finance income	*5*	**625**	1,447
Finance costs	*5*	**(49,839)**	(32,822)
Finance costs, net		**(49,214)**	(31,375)
Profit before income tax		**286,104**	160,183
Income tax expense	*6*	**(45,916)**	(62,548)
Profit for the year attributable to owners of the Company		**240,188**	97,635
Earnings per share for profit attributable to owners of the Company (expressed in HK cents per share)			
– Basic and diluted	*7*	**19.6**	8.0

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

	2018	2017
	HK$'000	*HK$'000*
Profit for the year	**240,188**	97,635
Other comprehensive income/(loss):		
Items that have been reclassified or may be subsequently reclassified to profit or loss		
Currency translation differences	**69,763**	(76,428)
Fair value gain on available-for-sale financial assets	**767**	491
Reclassification adjustment upon disposal of available-for-sale financial assets	**(16)**	–
Other comprehensive income/(loss) for the year, net of tax	**70,514**	(75,937)
Total comprehensive income attributable to owners of the Company	**310,702**	21,698

CONSOLIDATED BALANCE SHEET
As at 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**3,414,878**	2,589,643
Leasehold land and land use rights		**301,554**	244,683
Intangible assets		**44,752**	45,082
Available-for-sale financial assets		**66,631**	56,796
Deposits and prepayments		**17,167**	84,761
		3,844,982	3,020,965
Current assets			
Inventories		**826,961**	810,340
Trade and bills receivables	*9*	**848,787**	672,760
Deposits, prepayments and other receivables		**47,299**	31,518
Tax recoverable		**6,056**	2,074
Cash and cash equivalents		**450,125**	412,280
		2,179,228	1,928,972
Total assets		**6,024,210**	4,949,937
EQUITY			
Equity attributable to owners of the Company			
Share capital		**95,247**	95,247
Reserves		**2,774,335**	2,524,845
Total equity		**2,869,582**	2,620,092

	Note	2018 HK$'000	2017 HK$'000
LIABILITIES			
Non-current liabilities			
Borrowings		**985,854**	606,404
Deferred income tax liabilities		**5,690**	5,851
		991,544	612,255
Current liabilities			
Trade payables	*10*	**408,884**	356,098
Accruals and other payables		**555,920**	436,854
Borrowings		**1,164,500**	877,289
Current income tax liabilities		**33,780**	47,349
		2,163,084	1,717,590
Total liabilities		**3,154,628**	2,329,845
Total equity and liabilities		**6,024,210**	4,949,937

NOTES

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") and the requirements of the Hong Kong Companies Ordinance Cap. 622. These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, which are carried at fair values.

(a) New and amended standards adopted by the Group

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 April 2017. The adoption of these amendments to standards does not have any significant impact on the results or financial position of the Group.

HKAS 7 (Amendments)	Statement of Cash Flows
HKAS 12 (Amendments)	Income Taxes
HKFRS 12 (Amendments)	Disclosures of Interest in Other Entities

(b) New standards, amendments and interpretations that have been issued but are not yet effective

The following new standards and amendments to standards have been published and are mandatory for accounting periods beginning on or after 1 April 2018 or later periods and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
HKFRS1 and HKAS 28 (Amendments)	Annual Improvements 2014–2016 Cycle	1 April 2018
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions	1 April 2018
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts	1 April 2018
HKFRS 9	Financial Instruments	1 April 2018
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation	1 April 2019
HKFRS 10 (Amendments) and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HKFRS 15	Revenue from Contracts with Customers	1 April 2018
HKFRS 15 (Amendments)	Clarifications to HKFRS 15	1 April 2018
HKFRS 16	Leases	1 April 2019
HK(IFRIC) Int 22	Foreign Currency Transactions and Advance Consideration	1 April 2018
HK(IFRIC) Int 23	Uncertainty over Income Tax Treatments	1 April 2019
HKFRS 17	Insurance Contracts	1 April 2021
HKAS 28 (Amendments)	Investments in Associates and Joint Ventures	1 April 2019
HKAS 40 (Amendments)	Transfers of Investment Property	1 April 2018
HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23 (Amendments)	Annual Improvements 2015-2017 Cycle	1 April 2019

HKFRS 9 "Financial Instruments"

Nature of change

HKFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

Impact

The Group has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 April 2018.

The financial assets held by the Group include unlisted insurance policy investments currently classified as available-for-sale ("**AFS**") for which a fair value through other comprehensive income ("**FVOCI**") election is available. Hence there will be no change to the accounting for these assets.

Accordingly, the Group does not expect the new guidance to affect the classification and measurement of these financial assets. However, gains or losses realized on the sale of financial assets at FVOCI will no longer be transferred to profit or loss on sale, but instead reclassified below the line from the FVOCI to retained earnings.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

The new impairment model requires the recognition of impairment provisions based on expected credit losses ("**ECL**") rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortized cost, debt instruments measured at FVOCI, contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. The Group considers that there will be no material adverse change in the credit risks in respect of the Group's future financial assets and the adoption of the new expected credit losses model under HKFRS 9 will not have significant impact on its financial performance and position.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

Date of adoption by the Group

It is mandatory for financial years commencing on or after 1 April 2018. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 April 2018 and that comparatives will not be restated.

HKFRS 15 "Revenue from Contracts with Customers"

Nature of change

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts and the related literature.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Impact

Management has assessed the effects of applying the new standard on the Group's financial statements and currently does not anticipate that the application of HKFRS 15 in the future will have a material effect on the Group's consolidated financial statements.

Date of adoption by the Group

It is mandatory for financial years commencing on or after 1 April 2018. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 April 2018 and that comparatives will not be restated.

HKFRS 16 "Leases"

Nature of change

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

Impact

The standard will affect primarily the accounting for the Group's operating leases. As at 31 March 2018, the Group has non-cancellable operating lease commitments of HK$263,577,000.

However, the Group has not yet assessed what other adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the Group's profit or loss and classification of cash flows going forward.

Date of adoption by the Group

Mandatory for financial years commencing on or after 1 April 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

There are no other standards and interpretations that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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 the manufacturing and trading of:

(i) Bras and intimate wear;

(ii) Bra pads and other molded products; and

(iii) Functional sports products.

The Executive Directors assess the performance of the operating segments based on a measure of gross profit of each segment, which is consistent with that of the financial statements. 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 2018 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	**4,728,567**	**524,670**	**614,811**	**5,868,048**
Gross profit/segment results	**1,019,464**	**111,483**	**116,102**	**1,247,049**
Other income and other gains, net				**21,760**
Distribution and selling expenses				**(158,977)**
General and administrative expenses				**(578,594)**
Research and development costs				**(195,920)**
Finance income				**625**
Finance costs				**(49,839)**
Profit before income tax				**286,104**
Income tax expense				**(45,916)**
Profit for the year				**240,188**

Other segment item included in the consolidated income statement for the year ended 31 March 2018 is as follows:

Depreciation included in cost of sales	**144,375**	**40,035**	**15,413**	**199,823**

The segment results for the year ended 31 March 2017 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	3,729,811	512,746	434,380	4,676,937
Gross profit/segment results	726,396	106,956	82,473	915,825
Other income and other gains, net				25,070
Distribution and selling expenses				(121,742)
General and administrative expenses				(467,298)
Research and development costs				(160,297)
Finance income				1,447
Finance costs				(32,822)
Profit before income tax				160,183
Income tax expense				(62,548)
Profit for the year				97,635

Other segment item included in the consolidated income statement for the year ended 31 March 2017 is as follows:

Depreciation included in cost of sales	93,358	35,427	6,792	135,577

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

	2018 *HK$'000*	2017 *HK$'000*
United States	**3,163,539**	2,813,989
The PRC	**612,704**	468,650
Europe	**530,904**	403,474
Hong Kong	**362,673**	310,674
Japan	**488,643**	172,324
South-east Asia *(Note a)*	**195,858**	128,457
South Asia *(Note b)*	**69,215**	48,451
Others countries/regions *(Note c)*	**444,512**	330,918
	5,868,048	4,676,937

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:

	2018	2017
	HK$'000	*HK$'000*
The PRC	**1,008,112**	936,509
Hong Kong	**55,220**	52,888
Vietnam	**2,715,019**	1,974,772
	3,778,351	2,964,169

3. OTHER INCOME AND OTHER GAINS, NET

	2018	2017
	HK$'000	*HK$'000*
Other income		
Scrap sales income	**4,632**	651
Government grants *(Note)*	**16,135**	24,519
Others	**721**	343
	21,488	25,513
Other gains/(losses), net		
Gains on disposal of available-for-sale financial assets	**30**	–
Gains on disposal of land use rights	**242**	–
Losses on derivative financial instruments, net	**–**	(443)
	272	(443)
	21,760	25,070

Note:

There are no unfulfilled conditions or other contingencies attaching to these grants.

4. EXPENSES BY NATURE

	2018	2017
	HK$'000	*HK$'000*
Amortisation of leasehold land and land use rights	**6,071**	3,871
Amortisation of intangible assets	**7,759**	7,503
Depreciation of property, plant and equipment	**260,643**	164,563

5. FINANCE COSTS, NET

	2018	2017
	HK$'000	*HK$'000*
Finance income		
– interest income on bank deposits	**625**	1,447
Finance costs		
– interest expense on borrowings	**(66,218)**	(48,322)
Less: interest expenses capitalised	**16,379**	15,500
	(49,839)	(32,822)
Finance costs, net	**(49,214)**	(31,375)

6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits for the year ended 31 March 2018.

The applicable tax rate for the PRC subsidiaries of the Group is 25% (2017: 25%) for the year ended 31 March 2018.

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% 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 applied such Super Deduction during the year (2017: Nil).

The subsidiaries established and operated in Vietnam were subject to corporate income tax at a rate of 20% (2017: 20%). In accordance with the applicable tax regulations, a subsidiary is subject to a lower tax rate of 10% for fifteen consecutive years, commencing from the first year of making revenue. In addition, the subsidiary is entitled to full exemption from corporate income tax for the first four years from the earlier of (i) the year when profit is generated for the first time or (ii) the fourth year of making revenue; and a 50% reduction in corporate income tax for the next nine years. The Vietnam subsidiaries of the Group do not have any taxable profit for the year ended 31 March 2018 after offsetting losses from prior years (2017: Nil).

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

	2018	2017
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong profits tax	**19,857**	33,352
– PRC enterprise income tax	**37,676**	24,907
(Over)/under-provision in prior years	**(11,456)**	8,661
Deferred income tax	**(161)**	(4,372)
Income tax expense	**45,916**	62,548

7. EARNINGS PER SHARE

(a) Basic

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

	2018	2017
Profit attributable to owners of the Company (HK$'000)	**240,188**	97,635
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)	**19.6**	8.0

(b) Diluted

Diluted earnings per share for the years ended 31 March 2018 and 2017 are the same as the basic earnings per share as there were no potentially dilutive ordinary shares issued.

8. DIVIDENDS

	2018 ***HK$'000***	2017 *HK$'000*
Interim dividend, paid of HK2.5 cents per ordinary share	**30,606**	–
Final dividend, proposed, of HK3.8 cents (2017: HK2.5 cents) per ordinary share *(Note (i))*	**46,522**	30,606
	77,128	30,606

Note:

(i) At the Board meeting held on 28 June 2018, a final dividend of HK3.8 cents (2017: HK2.5 cents) per ordinary share of the Company, totalling approximately HK$46,522,000 (2017: HK$30,606,000) for the year ended 31 March 2018 has been proposed which is subject to approval by the shareholders at the forthcoming annual general meeting. These consolidated financial statements do not reflect this dividend payable.

9. TRADE AND BILLS RECEIVABLES

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

	2018	2017
	HK$'000	*HK$'000*
Current	**741,910**	575,496
1–30 days	**86,890**	84,065
31–60 days	**7,698**	4,934
61–90 days	**1,509**	2,294
Over 90 days	**10,780**	5,971
Amounts past due but not impaired	**106,877**	97,264
	848,787	672,760

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.

The maximum exposure to credit risk at the reporting date was the carrying value of each receivables mentioned above, the Group does not hold any collateral as security.

As at 31 March 2018 and 2017, no trade and bills receivables were considered impaired and had been provided for.

As at 31 March 2018, included in the Group's trade and bills receivables were amounts due from a related party of approximately HK$4,799,000 (2017: HK$2,354,000).

10. TRADE PAYABLES

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

	2018	2017
	HK$'000	*HK$'000*
0–30 days	**242,922**	144,237
31–60 days	**68,278**	126,565
61–90 days	**92,083**	78,038
Over 90 days	**5,601**	7,258
	408,884	356,098

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Market Review

Looking back at last year, despite unpredictable changes in the world political landscape, there was a steadily improving global economy and a recovery trend in the consumer demand for apparel products. As for Regina Miracle and the industry as a whole, challenges and opportunities arose side by side last year. On the one hand, the entire apparel market embraced fresh opportunities under the climbing consumer confidence index. On the other hand, consumers have been pursuing comfortable and natural-style clothing in recent years, coupled with the rising popularity of sports and casual wear. All of these trends have brought new business opportunities for Regina Miracle and its brand partners.

Regina Miracle, known as a constant innovator, has seized the trends and captured the opportunities. Leveraging its superior technology and abundant knowledge of the intimate wear and functional sportswear industry, the Group has not only continued to research and develop more innovative products for its long-term brand partners, but managed to establish close collaborative ties with a number of new brand partners. This represents another major advancement in balancing the customer mix in the long run.

Brand partners favour Regina Miracle for its renowned innovation capability and an edge in speed. The expansion of its production facilities in Vietnam enables the Group to meet the requirement of its brand partners for short delivery time. In respect of speed, Regina Miracle's merit is reflected in both the production and product development cycle. Faced with fast-changing fashion trends, Regina Miracle, with its strong capability in innovative design and manufacturing (IDM), has emerged as one of the few partners that is able to cope with the quick pace of clients, constantly bring forth fresh products and lead the fashion trends.

In addition, in the constant pursuit of technological breakthroughs, the Group has enhanced its innovative seamless bonding and molding technologies by introducing a new generation of seamless knitting machines and injection molding machines during the year. This allows the Group to continuously develop innovative products that can meet consumer demand. While engaging in technological innovation, the Group has also introduced automation into its production model that effectively boosts production efficiency and benefits healthy long-term development.

On the other hand, the Internet's prevalence has rendered the whole market more transparent. Consumers tend to emphasize the value proposition of products, which has in effect presented opportunities for Regina Miracle. In tandem with raising operational efficiency, the Group was active in researching the integration of innovative concepts into products, in a bid to raise their performance and bring higher value to consumers. Such technological and product innovations have also been welcomed by existing and new partners alike.

Given the frequent and increasingly complex orders from brand partners, the management responded to this demand by actively expanding its production layout in Vietnam. Running smoothly for two years, the Vietnamese production line has started to contribute profit to the Group and effectively alleviated the mounting cost pressure from domestic facilities in China.

Business Review

During the year, the Group sustained its development momentum. For the year ended 31 March 2018, it recorded a total revenue of HK$5,868.0 million, representing a 25.5% increase over Fiscal 2017 (Fiscal 2017: HK$4,676.9 million). In the meantime, gross profit grew by 36.2% to HK$1,247.0 million (Fiscal 2017: HK$915.8 million), with gross profit margin lifted to 21.3% (Fiscal 2017: 19.6%). Net profit also rose by 146.0% to HK$240.2 million (Fiscal 2017: HK$97.6 million), with a net profit margin of 4.1% (Fiscal 2017: 2.1%).

To share the fruit of the Group's achievements with shareholders, the Board has resolved to propose a final dividend of HK3.8 cents per share for the fiscal year ended 31 March 2018. Together with the interim dividend of HK2.5 cents per share, total dividend for the financial year amounted to HK6.3 cents (Fiscal 2017: HK2.5 cents), in line with the Group's policy of paying no less than 30% of its net profit as dividends for a fiscal year. The proposed final dividend is subject to approval by shareholders of the Company at the annual general meeting to be held on Monday, 27 August 2018. If approved by the shareholders, the proposed final dividend is expected to be paid on or about Friday, 14 September 2018 to shareholders whose names appear on the register of members of the Company on Wednesday, 5 September 2018.

Bras and intimate wear

Bras and intimate wear remain the major source of revenue to the Group. During the year, the segment contributed HK$4,728.6 million (Fiscal 2017: HK$3,729.8 million) to the Group's revenue, representing a year-on-year increase of 26.8% and representing 80.6% of its overall revenue. Gross profit from the segment amounted to HK$1,019.5 million, with a gross profit margin of 21.6% (Fiscal 2017: HK$726.4 million and 19.5%, respectively).

In recent years, the general public has attached growing importance to health and fitness, which has resulted in increasing demand for sports products. Driven by this market trend, the Group has continued to record a satisfactory revenue growth from sports bras, with a year-on-year increase in sales of such products exceeding 20% during the year. Given the growing prevalence of wireless bras, there has also been a greater emphasis on the comfort and functionality of sports underwear. The Group has experienced an increase in the orders for such products from several major brand partners.

On the other hand, underwear products made with innovative seamless bonding are in vogue. Through technological innovation and breakthroughs, the Group has continued to develop innovative products with its long-term brand partners, secure more orders, and establish close partnerships with new international brands of casual wear and sports, thus diversifying the Group's customer mix.

Bra pads and other molded products

As the Group invests greater resources in more profitable finished goods, a large portion of its self-produced bra pads are mainly supplied for in-house manufacturing of finished bras. Hence, the Group has maintained stable revenue from the business of bra pads and other molded products, which grew by 2.3% to HK$524.7 million during the year (Fiscal 2017: HK$512.7 million) and accounting for 8.9% of its total revenue. Gross profit and gross profit margin from the segment amounted to HK$111.5 million and 21.2%, respectively (Fiscal 2017: HK$107.0 million and 20.9%, respectively).

Functional sports products

Leveraging its cross-industry and cross-category innovation capability, the Group remained active in developing the business of functional sports products during the year. As a result, the segment recorded a year-on-year revenue growth of 41.5% to HK$614.8 million (Fiscal 2017: HK$434.4 million), which represented 10.5% of the total revenue of the Group. Gross profit from the segment amounted to HK$116.1 million, with a gross profit margin of 18.9% (Fiscal 2017: HK$82.5 million and 19.0%, respectively).

During the year, Regina Miracle has achieved several technological breakthroughs. The Group has been recognised by a number of major sports brand partners for its high-end molding and seamless bonding technologies, effective incorporation of innovative high-tech raw materials and the application of such advanced technologies to sportswear products. These innovative uses of technologies and applications have helped double the volume of orders for the Group's sportswear products during the year. In spite of its relatively small share of revenue, there exists a huge potential for the category to grow. The Group is also continuing to research and develop more relevant products with sports brand partners, to propel the growth of the sportswear business. As construction is completed for its third facility in Vietnam, the Group gains more production capacity to cope with its apparel orders.

In respect of footwear products, the Group has made good progress as well. Apart from having stable orders with our major sports brand partners during the review period, the Group has secured an American footwear brand partner who advocates comfort and eco-friendliness. This marks another step forward for the Group, as it has established close collaboration with the partner on the research, development and production of casual footwear products during the year. Boasting great potential, the collaboration proves again that the strong product development and design capability is the key to the Group's constant expansion of its business and winning new partners.

Production capacity

Upon its listing in Fiscal 2016, the Group prepared a five-year development plan (Fiscal 2016 to 2021). This plan, together with the expansion of production capacity at full force in Vietnam, has offered a boost to its long-term, sustainable business growth. Currently, the Group has seen a maturing layout of its production capacity in Vietnam, and the management is pleased to witness its Vietnamese facilities attain higher cost efficiency.

The Group's Vietnamese facilities are all located at Vietnam Singapore Industrial Park ("**VSIP**") in Hài Phòng City. During the year, our first Vietnamese facility, mainly producing bras and intimate wear products, is close to reaching full production capacity. The facility has a planned annual production capacity of around 46 million pieces and has been consistently improving its production efficiency. With its production started in May 2017, the second facility is mainly engaged in producing bra pads, which are primarily supplied for in-house manufacturing of bras and intimate wear products in Vietnam. The volume of production was sufficient to support the Group's internal demand for bra pads during the year. The third Vietnamese facility mainly produces bras, intimate wear and functional sportswear products. Planned with an annual production capacity of approximately 30 million pieces, this facility officially commenced operation in April 2018, and targets to recruit 8,000 staff members by the third quarter of 2018.

As of 31 March 2018, the three Vietnamese facilities have a total of approximately 21,500 staff members. Among approximately 14,000 staff members of the first facility, 64% are skilled workers with over one year of working experience. Their efficiency has already reached over 85% of their Shenzhen counterparts. The second and third facilities have also quickly improved their production efficiency. The Group has continued to increase employment at its Vietnamese facilities. New recruits are offered proper training to comprehensively raise the efficiency and production capability at these facilities. By doing so, the Group can meet the increasing order demands from its partners to Vietnam, while seeking to further tap into the advantageous cost efficiency of that country.

The fourth facility in Vietnam will mainly produce bras, intimate wear and functional sportswear products. Given that its construction works have proceeded smoothly during the year, the facility is expected to complete construction and commence interior decoration works in the fourth quarter of 2018, and targets to start recruitment and operation in the first quarter of 2019.

During the year, the Group has purchased another land parcel in VSIP to build the fifth facility. Covering a gross floor area of approximately 106,000 sq.m., the facility will encompass capabilities of the following productions:

– **Relocation of footwear production from Shenzhen to Vietnam:** During the review period, the Group is pleased to have added a new casual brand partner for its footwear business which presents potentials for future growth. As such, the Group is eager to establish a sustainable business model for our footwear production in light of the mounting cost pressures from operating a footwear facility in Shenzhen. Given Vietnam's edge in cost, labour supply, and construction of advanced environmentally-friendly production facilities and policies, the management considers the country as an ideal location for building footwear production facilities and has decided to gradually transfer its footwear production from Shenzhen to Vietnam. The relocation will represent a full transfer of the approximately 2 million pairs of annual shoe production capacity from Shenzhen to Vietnam.

– In-house screen printing capabilities

– Production floors to support our new seamless knitting production capability: Demand is keen for innovative seamless bonding and knitted sportswear in the global consumer market. As such, the Group has introduced seamless knitting capability during the review period to bring higher value to our brand partners.

The phase 1 of the facility is now undergoing construction and is expected to commence production in 2019.

The Group's facility in Shenzhen continues to assume the crucial responsibility of research and development, as well as supporting the Group's production needs. It is actively developing premium products that are high in technology and short in delivery time, while harnessing other regional advantages to fully cooperate with brand partners in executing their business development strategy of developing the Chinese market. As at 31 March 2018, the Group's Shenzhen facility has approximately 15,000 staff members.

The Group will continue to optimise the allocation of production capacity of its Shenzhen and Vietnamese facilities, taking into account a comprehensive host of factors that include cost competitiveness, policy, technical requirements and brand partners' sales strategies.

THE GROUP'S OPERATING RESULTS

Revenue

We derive our revenue primarily from direct sales of our products. Our total revenue increased by 25.5% from HK$4,676.9 million in Fiscal 2017 to HK$5,868.0 million in Fiscal 2018. A comparison of the Group's revenue for Fiscal 2018 and Fiscal 2017 by product categories is as follows:

	For the year ended 31 March					
	2018		2017		Change	
	HK$'000	***% of Revenue***	*HK$'000*	*% of Revenue*	*HK$'000*	*%*
Bras and intimate wear	**4,728,567**	**80.6**	3,729,811	79.7	998,756	26.8
Bra pads and other molded products	**524,670**	**8.9**	512,746	11.0	11,924	2.3
Functional sports products	**614,811**	**10.5**	434,380	9.3	180,431	41.5
	5,868,048	**100.0**	4,676,937	100.0	1,191,111	25.5

Revenue generated from sales of bras and intimate wear increased by HK$998.8 million, or approximately 26.8%, from HK$3,729.8 million in Fiscal 2017 to HK$4,728.6 million in Fiscal 2018. 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 bra pads and other molded products remained relatively stable and amounted to HK$524.7 million in Fiscal 2018, representing an increase of approximately HK$11.9 million, or approximately 2.3%, as compared to Fiscal 2017.

Revenue generated from sales of functional sports products increased by HK$180.4 million, or approximately 41.5%, from HK$434.4 million in Fiscal 2017 to HK$614.8 million in Fiscal 2018. The increase was primarily due to the increase in sales volume of our functional sportswear and sports footwear driven by an increased demand from our customers.

Cost of sales

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

	For the year ended 31 March					
	2018		2017		Change	
		%		%		
	HK$'000	***of Revenue***	*HK$'000*	*of Revenue*	*HK$'000*	*%*
Costs of raw materials	**2,165,994**	**36.9**	1,780,160	38.1	385,834	21.7
Employee benefit expenses	**1,867,199**	**31.8**	1,541,445	33.0	325,754	21.1
Depreciation	**199,823**	**3.4**	135,577	2.9	64,246	47.4
Others	**387,983**	**6.6**	303,930	6.4	84,053	27.7
	4,620,999	**78.7**	3,761,112	80.4	859,887	22.9

Cost of sales as a percentage of total revenue decreased from 80.4% in Fiscal 2017 to 78.7% in Fiscal 2018. This was primarily attributable to our continued efficiency improvement of the Vietnam factory, resulting in a reduction of cost of materials and employee benefit expenses as a percentage of our total revenue.

Cost of sales increased from HK$3,761.1 million in Fiscal 2017 to HK$4,621.0 million in Fiscal 2018 primarily due to increases in costs of raw materials and employee benefit expenses as a result of increase in revenue.

Gross profit and gross profit margin

	For the year ended 31 March					
	2018		2017			
	Gross Profit	**Gross Profit margin**	Gross Profit	Gross Profit margin	Change	
	HK$'000	***%***	*HK$'000*	*%*	*HK$'000*	*%*
Bras and intimate wear	**1,019,464**	**21.6**	726,396	19.5	293,068	40.3
Bra pads and other molded products	**111,483**	**21.2**	106,956	20.9	4,527	4.2
Functional sports products	**116,102**	**18.9**	82,473	19.0	33,629	40.8
	1,247,049	**21.3**	915,825	19.6	331,224	36.2

Our overall gross profit increased from HK$915.8 million in Fiscal 2017 to HK$1,247.0 million in Fiscal 2018. The gross profit margin in Fiscal 2018 increased by 1.7 percentage points to 21.3%, as compared to 19.6% in Fiscal 2017. Such increase was mainly driven by our continued efficiency improvement of the Vietnam factory.

The gross profit margin of bras and intimate wear increased from 19.5% in Fiscal 2017 to 21.6% in Fiscal 2018, primarily due to our continued efficiency improvement of the Vietnam factory. While the gross profit margin of bra pads and other molded products slightly increased from 20.9% in Fiscal 2017 to 21.2% in Fiscal 2018, the gross profit margin of functional sports products have remained relatively stable at 18.9% and 19.0% in Fiscal 2018 and Fiscal 2017 respectively.

Other Income and other gains, net

Our other income and other gains consist primarily of government grants. The decrease in other income by HK$3.3 million from HK$25.1 million in Fiscal 2017, to HK$21.8 million in Fiscal 2018, was primarily attributable to the decrease of 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, traveling expenses, declaration charges, marketing and promotion expenses and others. For Fiscal 2017 and Fiscal 2018, the Group's distribution and selling expenses have remained relatively stable in terms of percentage of total revenue, and represented approximately 2.6% and 2.7% of its total revenue respectively.

Distribution and selling expenses increased by 30.6% from HK$121.7 million in Fiscal 2017 to HK$159.0 million in Fiscal 2018. The increase was primarily attributable to an increase in freight and transportation expenses as a result of an increase in sales of the Group.

General and administrative expenses

General and administrative expenses primarily consist of employee benefit expenses for our administrative personnel, depreciation and amortization, other taxes and surcharges, building management fee, insurance, 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 have remained relatively stable at 9.9% and 10.0% in Fiscal 2018 and Fiscal 2017 respectively.

General and administrative expenses increased by 23.8% from HK$467.3 million in Fiscal 2017 to HK$578.6 million in Fiscal 2018. The increase was primarily attributable to the Group's expansion in Vietnam, resulting in an increase in employee benefit expenses, depreciation and amortization, and office and administrative expenses.

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. For Fiscal 2018 and Fiscal 2017, the Group's research and development costs have remained relatively stable in terms of percentage of total revenue, and represented approximately 3.3% and 3.4% of its total revenue respectively.

Research and development costs increased by 22.2% from HK$160.3 million in Fiscal 2017 to HK$195.9 million in Fiscal 2018, primarily due to an increase in employee benefit expenses of research and development personnel as a result of our strategic focus on research and development.

Finance Income

Finance income represents interest income on bank deposits.

Finance costs

Finance costs represent interest expense on borrowings, net of interest expenses capitalised. For Fiscal 2018 and Fiscal 2017, the Group's finance costs represented approximately 0.8% and 0.7% of its total revenue respectively.

The 51.8% increase in finance costs from HK$32.8 million in Fiscal 2017 to HK$49.8 million in Fiscal 2018 was primarily attributable to increase in borrowings, as a result of increase in revenue and Vietnam factories expansion in Fiscal 2018.

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 Fiscal 2018 and Fiscal 2017. The applicable tax rate for the PRC subsidiaries of the Group is 25% in Fiscal 2018 and Fiscal 2017.

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% 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 applied such Super Deduction in Fiscal 2018 (Fiscal 2017: Nil).

The subsidiaries established and operated in Vietnam were subject to corporate income tax at a rate of 20% in Fiscal 2018 and Fiscal 2017. 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$62.5 million in Fiscal 2017 to HK$45.9 million in Fiscal 2018. Excluding the positive effect of claim of Super Deduction amounted HK$11.5 million, the Group's effective tax rate decreased from 39.0% in Fiscal 2017 to 20.0% in Fiscal 2018, mainly attributed to profits generated by the Vietnam subsidiaries are exempted from corporate income tax.

Net profit

As a result of the cumulative effect of the above factors, our net profit for the year increased by 146.0% from HK$97.6 million in Fiscal 2017 to HK$240.2 million in Fiscal 2018. Our net profit margin increased from 2.1% in Fiscal 2017 to 4.1% in Fiscal 2018.

Liquidity, financial resources and bank borrowings

As at 31 March 2018, the Group's current ratios (calculated as current assets over current liabilities) were 1.0 times and 1.1 times as at 31 March 2018 and 31 March 2017 respectively. Net debt (represented by bank borrowings less the cash and cash equivalents) was HK$1,700.2 million (31 March 2017: 1,071.4 million). The increase of net debt was mainly due to capital expenditure for our production facilities in Vietnam. Gearing ratio as at 31 March 2018 was 59.3% (31 March 2017: 40.9%), which was calculated as net debt divided by total equity.

Net cash generated from operating activities was HK$466.2 million in Fiscal 2018 (Fiscal 2017: HK$183.8 million). The increase was mainly attributed to increase in cash generated from operations in Fiscal 2018.

Net cash used in investing activities amounted to HK$979.7 million in Fiscal 2018 as compared to HK$960.5 million in Fiscal 2017. The Group invested approximately HK$948.4 million in new property, plant and equipment mainly in connection with our production facilities in Vietnam.

During Fiscal 2018, net cash generated from financing activities amounted to HK$539.2 million, as compared to HK$249.4 million in Fiscal 2017. The positive cash inflow from financing activities was mainly due to proceeds from borrowings.

Working capital management

	As at	
	31 March 2018 (days)	31 March 2017 (days)
Inventory turnover days	**65**	73
Receivables turnover days	**47**	49
Payables turnover days	**30**	30

Decrease in inventory turnover days for Fiscal 2018 by 8 days was primarily due to improved inventory control of the Group.

Both receivables and payables turnover days remained relatively stable and were at healthy levels of 47 days and 30 days respectively during Fiscal 2018.

Capital expenditures

For Fiscal 2018, total addition to property, plant and equipment, leasehold land and land use rights, and intangible assets amounted to approximately HK$1,140.0 million (Fiscal 2017: HK$910.2 million), and was mainly attributable additions of production lines for our second Hai Phong facility and construction of our third Hai Phong facility to cope with the Group's overall business expansion.

Pledged assets

As at 31 March 2017 and 31 March 2018, the Group did not have assets pledged for bank borrowings.

Foreign exchange risk

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

Contingent liabilities

As at 31 March 2018, 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 2018, the Group did not conduct any material investments, acquisitions or disposals. In addition, save for the expansion plans as disclosed in the sections headed "Business" and "Future Plans and Use of Proceeds" in the prospectus of the Company dated 24 September 2015 (the "**Prospectus**"), and the framework construction agreements disclosed in the announcements dated 24 July 2017 and 24 April 2018 respectively, the Group has no specific plan for major investment or acquisition for major capital assets or other businesses. However, the Group will continue to identify new opportunities for business development.

Employees and remuneration policies

As at 31 March 2018, the Group employed a total of approximately 36,993 full-time staff (31 March 2017: 33,955). The total staff cost of the Group (including salaries, bonuses, social insurances, provident funds and share incentive schemes) amounted to HK$2,383.9 million, representing 40.6% of the total revenue of the Group.

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

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

Events after the balance sheet date

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

FUTURE PROSPECTS AND STRATEGIES

Going forward, despite the global political uncertainty this year and particularly in the shadow of a looming China-US trade war, quite a few of our US brand partners have quickened the pace to move production orders to Vietnam, which is conducive to the growth of Regina Miracle with its vigorous expansion of Vietnamese production bases. Regina Miracle has a maturing production layout in Vietnam, as the management continues to expand its presence in the country which has become one of the most important competitive advantages for the Group. Leveraging its solid foundation built over two decades and strong IDM capability, Regina Miracle is well prepared to embrace opportunities from a huge market with more brand partners. During the previous year, the Group was successful in developing brand partners, which will contribute to a solid foundation for business growth over the next five-to-ten years.

In respect of the layout of production capacity, the Group is expected to continuously benefit from the favourable tax concession scheme and geographical advantage of Vietnam, based on its preferential tax rates, more competitive labour cost, robust labour market and strategic geographical location. With that in mind, the management will continue to improve its production capacity layout in Vietnam, as well as optimise the production capacity allocation of its facilities in both Shenzhen and Vietnam.

On the other hand, the management fully understands that “innovation” is the key to Regina Miracle in leading industry trends. Hence, the Group continues to spare no effort to innovate products, craftsmanship, production and management on a comprehensive scale, to develop more innovative products that cater for consumers’ pursuit of comfort, high functionality and high cost efficiency. In this way, its business can grow sustainably in the long run.

In respect of product innovation, Regina Miracle has attracted many world-famous brand partners due to its diverse product portfolio and strong design capability. However, to optimise the Group’s resources and allocate our expanding production capacity more properly, the management will continue to review the profitability of the existing product mix, be more selective in terms of its brand partner portfolio and establish win-win relations with timely and reasonable adjustments, to ensure that resources are allocated more effectively to deliver maximum margin. For the future, the Group remains committed to innovation and emphasizes the balanced development among different product categories, while solidifying its competitive edge in its core business. The Group will continue to develop more profitable innovative products, including brand-new bras and intimate wear. Technologies and experience is to be drawn from different sectors and production lines to work on the business of functional sports products, a segment brimming with growth potential, thereby driving the diversification and sustained growth of the Group’s business.

Confronted with the recent trend of recovering raw material prices, the Group is also proactive in achieving innovation breakthroughs in raw materials and craftsmanship, to maintain satisfactory cost efficiency. Aside from that, the Group seeks to further expand its line-up of high-end seamless products by introducing a new generation of seamless knitting machines and innovative seamless craftsmanship, in a bid to elevate product profitability. Furthermore, the Group has introduced patented injection molding equipment and applied new craftsmanship to upgrading the molding technology. This has enhanced the business of bras and intimate wear products, and facilitated the expansion of new business and product lines. The Group also strives to introduce automation equipment to lay the foundation for long-term, healthy development.

To raise operational efficiency and optimise cost structure, the Group will strengthen production and management innovation. Internally, the Group will continue to promote the lean production model, including optimising material specifications. A host of information technology platforms will also be applied, such as the SAP system, the FastReact production control system, the RFID system and a high-efficiency production planning system. Externally, the Group will maintain the long-term partnerships with its existing suppliers, to jointly research and develop innovative patented materials. On the other hand, innovative raw materials will be explored across different sectors, to keep its products competitive.

Regina Miracle, with its outstanding strength in IDM, has led market trends for two decades and thereby has become a close partner with multiple top global brands. In the years to come, the Group resolves to work towards the objectives set out in its five-year plan, improve its production capacity layout in China and Vietnam, and steer its business to an even more fruitful future.

CORPORATE GOVERNANCE

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

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

The Board has reviewed the Company's corporate governance practices and is satisfied that save as disclosed below, the Company has complied with all code provisions and, where applicable, the recommended best practices of the CG Code contained in Appendix 14 of the Listing Rules for the year ended 31 March 2018.

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

AUDIT COMMITTEE

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

The audit committee has reviewed with the management and the external auditor of the Company the consolidated financial statements of the Group for Fiscal 2018, 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 2018.

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 Stock Exchange of Hong Kong Limited at www.hkexnews.hk.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet and the related notes thereto for the year ended 31 March 2018 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers in the preliminary announcement.

COMPLIANCE WITH THE MODEL CODE

The Company has 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 its code of conduct regarding directors' securities transactions. Upon specific enquiries being made with all Directors, each of them confirmed that they have complied with the required standards set out in the Model Code for the year ended 31 March 2018.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the year ended 31 March 2018.

FINAL DIVIDEND

The Board has resolved to propose a final dividend of HK3.8 cents per share for the year ended 31 March 2018. Together with the interim dividend of HK2.5 cents per share, the total dividend distribution represents approximately 32.1% of the Group's net profit for the year ended 31 March 2018.

The proposed final dividend payment is subject to approval by the shareholders of the Company at the forthcoming annual general meeting ("**AGM**") to be held on Monday, 27 August 2018. If approved by shareholders, the proposed final dividend is expected to be paid on or about Friday, 14 September 2018 to shareholders whose names appear on the register of members of the Company on Wednesday, 5 September 2018.

CLOSURE OF REGISTER OF MEMBERS

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

(1) For the purpose of determining the shareholder's eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 21 August 2018 to Monday, 27 August 2018, both days inclusive. In order to qualify for attending and voting at the AGM, shareholders should ensure that all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. (Hong Kong time) on Monday, 20 August 2018.

(2) The final dividend will be payable on or about Friday, 14 September 2018 to the shareholders whose names appear on the register of members of the Company on Wednesday, 5 September 2018. For the purpose of ascertaining shareholders' entitlement for the final dividend, the register of members of the Company will be closed from Monday, 3 September 2018 to Wednesday, 5 September 2018, both days inclusive. To qualify for the final dividend, shareholders should ensure that all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. (Hong Kong time) on Friday, 31 August 2018.

ANNUAL GENERAL MEETING

The AGM will be held on Monday, 27 August 2018. 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 website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the Company's website at www.reginamiracleholdings.com. The annual report 2017/18 and the notice of the AGM will be dispatched to the shareholders of the Company and made available on the websites of The Stock Exchange of Hong Kong Limited and the Company in due course.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank all our shareholders, business partners, customers, suppliers, bankers, the management and staff for their support and contribution to the Group and its business throughout the year ended 31 March 2018.

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

Hong Kong, 28 June 2018

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.