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 2019

FINANCIAL HIGHLIGHTS

	Year ended 31 March 2019	2018	Change
	HK$'000	*HK$'000*	
Revenue	6,263,280	5,868,048	6.7%
Gross profit	1,341,945	1,233,923	8.8%
Profit attributable to owners of the Company	282,438	240,188	17.6%
Earnings before interest, taxes, depreciation and amortisation#	745,856	609,791	22.3%
Gross profit margin (%)	21.4%	21.0%	+0.4pp
Net profit margin (%)	4.5%	4.1%	+0.4pp
Earnings before interest, taxes, depreciation and amortisation margin (%)	11.9%	10.4%	+1.5pp
	HK cents	*HK cents*	
Earnings per share – basic and diluted	23.1	19.6	
Dividend per share	7.6	6.3	
– *Interim dividend*	*3.6*	*2.5*	
– *Proposed final dividend*	*4.0*	*3.8*	

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

ANNUAL RESULTS

The board of directors (the "**Board**") of Regina Miracle International (Holdings) Limited ("**Regina Miracle**" or the "**Company**") is pleased to announce the annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2019 ("**Fiscal 2019**"), together with the comparative figures for the corresponding year in 2018 ("**Fiscal 2018**"), as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2019

	Note	**2019** *HK$'000*	2018 *HK$'000*
Revenue	*4*	**6,263,280**	5,868,048
Cost of sales	*6*	**(4,921,335)**	(4,634,125)
Gross profit		**1,341,945**	1,233,923
Other income and other gains, net	*5*	**28,359**	21,760
Distribution and selling expenses	*6*	**(155,329)**	(145,851)
General and administrative expenses	*6*	**(619,006)**	(578,594)
Research and development costs	*6*	**(205,070)**	(195,920)
		390,899	335,318
Finance income	*7*	**1,316**	625
Finance costs	*7*	**(90,182)**	(49,839)
Finance costs, net		**(88,866)**	(49,214)
Profit before income tax		**302,033**	286,104
Income tax expense	*8*	**(19,595)**	(45,916)
Profit for the year attributable to owners of the Company		**282,438**	240,188
Earnings per share for profit attributable to owners of the Company (expressed in HK cents per share)			
– Basic and diluted	*9*	**23.1**	19.6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2019

	2019	2018
	HK$'000	*HK$'000*
Profit for the year	**282,438**	240,188
Other comprehensive (loss)/income:		
Items that have been reclassified or may be subsequently reclassified to profit or loss		
Currency translation differences	**(133,151)**	69,763
Fair value (loss)/gain on insurance policy investments	**(1,228)**	767
Reclassification adjustment upon disposal of insurance policy investments	**(44)**	(16)
Fair value change on trade receivables carried at fair value through other comprehensive income ("FVOCI")	**29,694**	–
Reclassification adjustment upon derecognition of trade receivables carried at FVOCI	**(29,531)**	–
Other comprehensive (loss)/income for the year, net of tax	**(134,260)**	70,514
Total comprehensive income attributable to owners of the Company	**148,178**	310,702

CONSOLIDATED BALANCE SHEET
As at 31 March 2019

	Note	2019 HK$'000	2018 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**4,174,055**	3,414,878
Leasehold land and land use rights		**252,289**	301,554
Intangible assets		**49,670**	44,752
Insurance policy investments		**76,130**	66,631
Deposits and prepayments		**144,878**	17,167
		4,697,022	3,844,982
Current assets			
Inventories		**893,896**	826,961
Trade and bills receivables	11	**814,715**	848,787
Deposits, prepayments and other receivables		**81,509**	47,299
Tax recoverable		**927**	6,056
Cash and cash equivalents		**466,436**	450,125
		2,257,483	2,179,228
Total assets		**6,954,505**	6,024,210
EQUITY			
Equity attributable to owners of the Company			
Share capital		**95,247**	95,247
Reserves		**2,828,926**	2,774,335
Total equity		**2,924,173**	2,869,582

	Note	2019 HK$'000	2018 HK$'000
LIABILITIES			
Non-current liabilities			
Other payables		**5,549**	–
Borrowings		**2,166,533**	985,854
Deferred income tax liabilities		**5,927**	5,690
		2,178,009	991,544
Current liabilities			
Trade payables	*12*	**378,379**	408,884
Accruals and other payables		**606,994**	555,920
Borrowings		**857,565**	1,164,500
Current income tax liabilities		**9,385**	33,780
		1,852,323	2,163,084
Total liabilities		**4,030,332**	3,154,628
Total equity and liabilities		**6,954,505**	6,024,210

NOTES

1 GENERAL INFORMATION

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

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

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

2 BASIS OF PREPARATION

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

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

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

The following new and amended standards, improvements and interpretation have been adopted by the Group for the first time for the financial year beginning on or after 1 April 2018:

Annual Improvements Project	Annual Improvements 2014–2016 Cycle
HKAS 40 (Amendments)	Transfers of Investment Property
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HKFRS 15 (Amendments)	Clarifications to HKFRS 15
HK (IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration

Save as disclosed in Note 3, the adoption of these new and amended standards, improvements and interpretation did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) New and amended standards, improvements and interpretation that have been issued but are not yet effective

The following new and amended standards, improvements and interpretation have been issued that are not mandatory for financial year ended 31 March 2019 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Annual Improvements Project	Annual Improvements 2015–2017 Cycle	1 January 2019
HKAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement	1 January 2019
HKAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures	1 January 2019
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation	1 January 2019
HKFRS 16	Leases	1 January 2019
HK (IFRIC) – Int 23	Uncertainty over Income Tax Treatments	1 January 2019
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	1 January 2020
HKAS 1 (Revised)	Presentation of Financial Statement	1 January 2020
HKAS 8 (Amendments)	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
HKFRS 3 (Amendments)	Definition of A Business	1 January 2020
HKFRS 17	Insurance Contracts	1 January 2021
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group's assessment of the impact of these new and amended standards, improvements and interpretation is set out below.

HKFRS 16 "Leases"

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the statement of financial position by lessees, 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 Group will apply the standard from its mandatory adoption date of 1 April 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. HKFRS 16 will primarily affect the accounting for the Group's operating leases. The accounting for lessors will not significantly change.

As at 31 March 2019, the Group had non-cancellable operating lease commitments of approximately HK$249 million. Majority of these commitments will be recognised in the consolidated balance sheet as right-of-use assets and lease liabilities. Right-of-use assets will be amortised on a straight line basis during the lease terms while the lease liabilities will be measured at amortised cost subsequent to the adoption of this standard.

There are no other new and amended standards, improvements and interpretation that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

3 CHANGE OF ACCOUNTING POLICIES

This note explains the impact of the adoption of HKFRS 9 "Financial Instruments" and HKFRS 15 "Revenue from Contracts with Customers" on the Group's consolidated financial statements.

(a) Impact on the financial statements

The Group elects to adopt HKFRS 9 and HKFRS 15 without restating comparatives. The reclassifications and the adjustments arising from the adoption of HKFRS 9 and HKFRS 15 are therefore not reflected in the consolidated balance sheet as at 31 March 2018, but are recognised in the opening restated consolidated balance sheet on 1 April 2018.

(b) HKFRS 9 "Financial Instruments"

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments and impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 Financial Instruments from 1 April 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. In accordance with the transitional provisions in HKFRS 9, comparative figures have not been restated.

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more details below.

	31 March 2018 as originally presented *HK$'000*	**Effects of the adoption of HKFRS 9** *HK$'000*	**1 April 2018 as restated** *HK$'000*
Consolidated balance sheet (extract)			
Current assets			
Trade receivables			
– carried at amortised cost	848,787	(410,156)	438,631
– carried at FVOCI	–	407,164	407,164
Equity			
Reserves			
– Retained earnings	977,700	(1,683)	976,017
– Trade receivables at FVOCI reserve	–	(1,309)	(1,309)

(i) Classification and measurements

On 1 April 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories.

Reclassification from trade receivables carried at amortised cost to trade receivables carried at FVOCI

Trade receivables from certain customers of the Group, whose contractual cash flows represent solely payments of principal and interest, were factored to reputable financial institutions under non-recourse factoring arrangement according to the Group's daily fund management needs. These trade receivable's business model is therefore achieved both by collecting contractual cash flows and selling of these assets. As a result, trade receivables carried at amortised cost of HK$407,164,000 was reclassified to trade receivables carried at FVOCI on 1 April 2018. The impact on equity as at 1 April 2018 in this regard is HK$1,309,000.

Other financial assets

Other financial assets currently held by the Group include financial instruments previously classified as loans and receivables which continue to be measured at amortised cost under HKFRS 9. Accordingly, there is no impact on the classification and measurement of its financial assets.

Financial liabilities

There will be no impact on the Group's accounting for financial liabilities, as the HKFRS 9 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.

(ii) Impairment of financial assets

The Group mainly has two types of financial assets that are subject to HKFRS 9's expected credit loss model:

- Trade and bills receivables; and

- Other financial assets at amortised cost.

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets.

While cash and cash equivalents and bill receivables are also subject to the impairment requirement of HKFRS 9, the identified impairment loss was immaterial.

Trade and bills receivables

The Group applies simplified approach to measuring expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade and bills receivables. To measure expected credit losses, trade and bills receivables have been grouped based on the shared credit risk characteristics.

The impairment loss for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the customers' past settlement pattern, existing market conditions as well as forward looking estimates at the end of each reporting period.

On that basis, there was an increase of loss allowance on 1 April 2018 by HK$1,683,000 for trade and bills receivables.

Other financial assets

Loss allowance on deposits and other receivables from third parties are measured as either 12-months expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then loss allowance is measured as lifetime expected credit losses. The resulted loss allowance for deposits and other receivables on 1 April 2018 and during the year ended 31 March 2019 was considered immaterial.

(c) HKFRS 15 "Revenue from Contracts with Customers"

The Group has adopted HKFRS 15 "Revenue from Contracts with Customers" from 1 April 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. In accordance with the transition provisions in HKFRS 15, comparative figures have not been restated.

HKFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of goods or services and thus has the ability to direct the use and obtain the benefits from the goods or services. The standard replaces HKAS 18 "Revenue" and HKAS 11 "Construction contract" and related interpretations.

Moreover, payments received from customers in advance related to unfulfilled performance obligations, which previously included in "accruals and other payable", should be reclassified to "contract liabilities". The management considers the amount is immaterial and no reclassification adjustment is made in the consolidated balance sheet.

The adoption of HKFRS 15 did not result in significant changes to the Group recognition policies.

(d) Certain comparative figures have been re-presented to conform to current year's presentation.

4 SEGMENT INFORMATION

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

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

(i) Bras and intimate wear;

(ii) Bra pads and other molded products; and

(iii) Functional sports products.

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

The Company is domiciled in Hong Kong.

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

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

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

Depreciation included in cost of sales	**173,345**	**40,449**	**31,269**	**245,063**

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 (Recognised at a point in time)	4,728,567	524,670	614,811	5,868,048
Gross profit/segment results	1,008,887	110,309	114,727	1,233,923
Other income and other gains, net				21,760
Distribution and selling expenses				(145,851)
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

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

	2019 *HK$'000*	2018 *HK$'000*
United States	**3,040,918**	3,163,539
The PRC	**786,826**	612,704
Europe	**732,081**	530,904
Hong Kong	**340,982**	362,673
Japan	**568,945**	488,643
Korea	**140,001**	110,141
South-east Asia *(Note a)*	**261,009**	195,858
South Asia *(Note b)*	**63,235**	69,215
Others countries/regions *(Note c)*	**329,283**	334,371
	6,263,280	5,868,048

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 financial instruments and insurance policy investments, of the Group are located in the following geographical areas:

	2019	2018
	HK$'000	*HK$'000*
The PRC	**884,770**	1,008,112
Hong Kong	**47,234**	55,220
Vietnam	**3,688,888**	2,715,019
	4,620,892	3,778,351

5 OTHER INCOME AND OTHER GAINS, NET

	2019	2018
	HK$'000	*HK$'000*
Other income		
Scrap sales income	**7,883**	4,632
Government grants *(Note)*	**17,662**	16,135
Others	**2,660**	721
	28,205	21,488
Other gains, net		
Gain on disposal of insurance policy investments	**154**	30
Gain on disposal of land use rights	**–**	242
	154	272
	28,359	21,760

Note:

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

6 EXPENSES BY NATURE

	2019	2018
	HK$'000	*HK$'000*
Amortisation of leasehold land and land use rights	**6,943**	6,071
Amortisation of intangible assets	**8,772**	7,759
Depreciation of property, plant and equipment	**339,242**	260,643

7 FINANCE COSTS, NET

	2019	2018
	HK$'000	*HK$'000*
Finance income		
– interest income on bank deposits	1,316	625
Finance costs		
– interest expense on borrowings	(85,526)	(44,706)
– factoring interests and charges	(29,531)	(21,512)
	(115,057)	(66,218)
Less: interest expenses capitalised on qualifying assets *(Note)*	24,875	16,379
	(90,182)	(49,839)
Finance costs, net	(88,866)	(49,214)

Note:

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's general borrowings during the year, which is 3.6% per annum (2018: 2.7%).

8 INCOME TAX EXPENSE

For the year ended 31 March 2019, the Group is eligible to nominate one Hong Kong incorporated entity in the Group to be chargeable at the two tiered profits tax rates, whereby profits tax will be chargeable on the first HK$2 million of assessable profits at 8.25% and assessable profits above this threshold will be subject to a rate of 16.5%. Hong Kong profits tax of other Hong Kong incorporated entities in the Group has been provided for at the rate of 16.5% on the estimated assessable profits. For the year ended 31 March 2018, Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profits.

The applicable tax rate for the PRC subsidiaries of the Group is 25% (2018: 25%) for the year ended 31 March 2019.

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

The subsidiaries established and operated in Vietnam were subject to corporate income tax at a rate of 20% (2018: 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 amount of taxation charged to the consolidated income statement represents:

	2019	2018
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong profits tax	**18,416**	19,857
– PRC enterprise income tax	**1,249**	27,391
Over-provision in prior years	**(307)**	(1,171)
Deferred income tax	**237**	(161)
Income tax expense	**19,595**	45,916

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 during the year.

	2019	2018
Profit attributable to owners of the Company (HK$'000)	**282,438**	240,188
Weighted average number of ordinary shares in issue ('000)	**1,224,250**	1,224,250
Basic earnings per share (expressed in HK cents per share)	**23.1**	19.6

(b) Diluted

Diluted earnings per share for the years ended 31 March 2019 and 2018 are the same as the basic earnings per share as there were no potentially dilutive ordinary shares issued.

10 DIVIDENDS

	2019	2018
	HK$'000	*HK$'000*
Interim dividend, paid of HK3.6 cents (2018: HK2.5 cents) per ordinary share	44,073	30,606
Final dividend, proposed, of HK 4.0 cents (2018: HK3.8 cents) per ordinary share *(Note (i))*	48,970	46,522
	93,043	77,128

Note:

(i) At the board meeting held on 25 June 2019, a final dividend of HK 4.0 cents (2018: HK3.8 cents) per ordinary share of the Company, totalling approximately HK$48,970,000 (2018: HK$46,522,000) for the year ended 31 March 2019 is to be proposed. These consolidated financial statements do not reflect this dividend payable.

11 TRADE AND BILLS RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables		
– carried at amortised cost	**461,951**	848,084
– carried at FVOCI	**356,206**	–
	818,157	848,084
Bills receivables	**–**	703
	818,157	848,787
Less: loss allowance of trade receivables	**(3,442)**	–
	814,715	848,787

The carrying amounts of trade and bills receivables approximate their fair values.

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

	2019	2018
	HK$'000	*HK$'000*
0–30 days	**424,158**	556,359
31–60 days	**230,609**	150,229
61–90 days	**119,813**	110,292
Over 90 days	**43,577**	31,907
	818,157	848,787

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

(b) As at 31 March 2019, included in the Group's trade receivables were amounts due from a related party of approximately HK$7,857,000 (2018: HK$4,799,000).

12 TRADE PAYABLES

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

	2019	2018
	HK$'000	*HK$'000*
0–30 days	**202,472**	242,922
31–60 days	**94,388**	68,278
61–90 days	**80,965**	92,083
Over 90 days	**554**	5,601
	378,379	408,884

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

Global economic growth began to weaken in the second half of 2018 amid trade tensions between the United States and China which led to an erosion in business confidence and tightening of financial conditions. Regina Miracle has nonetheless been able to perform stably by taking a holistic approach towards its development. This approach included optimizing both its customer and product portfolios; strategically allocating its production resources to reap maximum long-term benefits; and continuously striving to achieve technological advancement.

Since the second half of the fiscal year, the Group has optimized its brand and product portfolio in order to reach an equilibrium between business development better and profit optimization, and hence to achieve a more balanced and healthier portfolio; better utilize its core technologies and resources to create unique products with higher added-value; and establish a win-win cooperation relationship with its brand partners. The optimization effort has largely been completed during the year, laying a solid foundation for its long-term and healthy development. This strategy has enabled the Group to concentrate resources to align with the product and business development of its key brand partners, thus strengthening ties with existing brand partners.

As for technological breakthroughs, the adoption of comfortable products that leverage the Group's Seven Innovative Technologies were well-received by the market. The successful adoption of these innovative technologies has enhanced the Group's competitiveness and serves as foundation for the development of other advanced products going forward. It has also paved the way to greater automation and production efficiency. What is more, the progress achieved through all of the Group's core technologies has led to further bond building with existing brand partners while successfully adding several renowned brand partners to the fold during the review year, the ties of which have developed promisingly.

In addition, certain brand partners have adjusted their strategies in sourcing locations in response to the changes in the macro-environment and trade situation. The Group has strived to meet such needs during the year, and made adjustments between its two production bases in Shenzhen and Vietnam accordingly, and thereby mitigate the possible impact that such changes of situation would otherwise bring.

BUSINESS REVIEW

Over the past year, Regina Miracle has been able to achieve satisfactory revenue growth, which amounted to HK$6,263.3 million, or a year-on-year increase of 6.7% (Fiscal 2018: HK$5,868.0 million). Gross profit increased by 8.8% to HK$1,341.9 million (Fiscal 2018: HK$1,233.9 million), with gross profit margin rising modestly to 21.4% (Fiscal 2018: 21.0%). Furthermore, net profit rose by 17.6% to HK$282.4 million (Fiscal 2018: HK$240.2 million), with a net profit margin of 4.5% (Fiscal 2018: 4.1%).

Consistent with the Group's objective to share of its achievements with shareholders, the Board has resolved to declare a final dividend of HK4.0 cents per share for the Fiscal 2019. Together with an interim dividend of HK3.6 cents paid during the year, total dividend will amount to HK7.6 cents (Fiscal 2018: HK6.3 cents), which is 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 from shareholders of the Company at the annual general meeting to be held on Monday, 26 August 2019. If approved by the shareholders, the proposed final dividend is expected to be paid on or about Thursday, 12 September 2019 to shareholders whose name appears on the register of members of the Company on Tuesday, 3 September 2019.

Bras and intimate wear

The bras and intimate wear business continued to constitute Regina Miracle's primary revenue source, contributing HK$4,874.6 million (Fiscal 2018: HK$4,728.6 million) to the Group, up 3.1% year-on-year, and accounting for 77.8% of total revenue. Furthermore, a gross profit of HK$1,070.3 million was recorded, with the gross profit margin at 22.0% (Fiscal 2018: HK$1,008.9 million and 21.3%, respectively).

During the year, the bra and intimate wear segment was able to sustain stable growth due in part to contributions from a major brand partner which, in collaboration with the Group, introduced new product collections that were well-received by consumers. At the same time, the Group continuously strengthened its ties with several major international brand partners, with the partnerships becoming increasingly strong as reflected by the stable increase on order quantity.

The aforementioned outcomes highlight the Group's immense capacity to constantly develop technological and differentiated products that are underpinned by innovative capabilities, and cope with its brand partners' marketing strategies and consumers' pursuit of innovative products. Such innovative products are not only able to meet the demands of consumers in terms of functionality, but also offer good value propositions that they pursue.

Bra pads and other molded products

Revenue generated from bra pads and other molded products sold to the Group's brand partners remained stable as it retained its strategy to reserve the majority of its bra pad capacity for in-house manufacturing of finished bras. Consequently, the segment generated a revenue of HK$530.9 million during the year (Fiscal 2018: HK$524.7 million), representing a year-on-year increase of 1.2%. The gross profit of the segment reached HK$111.6 million, with the gross profit margin at 21.0% (Fiscal 2018: HK$110.3 million and 21.0%, respectively).

Functional sports products

The business of functional sports products contributed a revenue of HK$857.8 million (Fiscal 2018: HK$614.8 million), representing a year-on-year increase of 39.5% accounting for 13.7% of the Group's total revenue. Gross profit amounted to HK$160.1 million, with the gross profit margin at 18.7% (Fiscal 2018: HK$114.7 million and 18.7%, respectively). Both footwear and apparel sales were driven by orders from the Group's key brand partners.

In respect of footwear products, sales were driven by a young and casual footwear brand partner in the U.S. that Regina Miracle secured last year. This partnership has helped to offset a decline in orders resulting from the Group's strategic exit of the footwear business relationship with a customer during the review year.

Sales of sportswear products have achieved a strong double-digit year-on-year growth, underpinned by the Group's unique seamless bonding technologies. The Group remains committed to observing a strategy that focuses more on cultivating business partnerships which can fully leverage the Group's production efficiency.

Production capacity

During the year, the Group's Factory A, B and C, located in the Vietnam Singapore Industrial Park ("**VSIP**") in Hài Phòng City, Vietnam, were in operation. The Group had a combined workforce of approximately 30,000 in Vietnam as at the end of the fiscal year. With an increasing proportion being skilled workers, the operation of Factory A and B now has become increasingly mature over the past two to three years and the production efficiency began to show. Factory C, which commenced operation in the beginning of the fiscal year, has also been gradually ramped up, further driving the increase of the overall production scale.

In Fiscal 2019, production of the Vietnam factories has accounted for approximately 60% of the Group's total revenue, a significant increase from around 40% in the last fiscal year, and is projected to further expand in the coming fiscal year. As capacity increases, the Group will at the same time continue to increase automation as part of its objective to develop a dynamic and efficient production hub in Vietnam. The subsequent rise in the production capacity in Vietnam can be attributed in part to the increasing efficiency of the three operating factories, and Factory D and E, which will house more automated machineries and are commencing production in June and September 2019, respectively. Worth noting as well that a factory operated with seamless knitting technology in Hung Yen Province which will commence operation in the second half of 2020 will further increase the Group's production capacity of Vietnam.

As regards the Group's factory in Shenzhen serving as its R&D hub and production base, it will continue to play a central role in facilitating Regina Miracles' drive to innovate, and development and production of products with high technical content, as well as products that possess cross-industry capabilities. Furthermore, to align with brand partners' strategy to tap the market in China, the Shenzhen factory will also focus on locally producing products to be sold in the domestic Chinese market for brand partners. As at 31 March 2019, the factory had a workforce of approximately 10,000.

THE GROUP'S OPERATING RESULTS

Revenue

We derive our revenue primarily from direct sales of our products. Our total revenue increased by 6.7% from HK$5,868.0 million in Fiscal 2018 to HK$6,263.3 million in Fiscal 2019. A comparison of the Group's revenue for Fiscal 2019 and Fiscal 2018 by product categories is as follows:

	For the year ended 31 March					
	2019		2018		Change	
	HK$'000	***% of Revenue***	*HK$'000*	*% of Revenue*	*HK$'000*	*%*
Bras and intimate wear	**4,874,609**	**77.8**	4,728,567	80.6	146,042	3.1
Bra pads and other molded products	**530,890**	**8.5**	524,670	8.9	6,220	1.2
Functional sports products	**857,781**	**13.7**	614,811	10.5	242,970	39.5
	6,263,280	**100.0**	5,868,048	100.0	395,232	6.7

Revenue generated from sales of bras and intimate wear increased by HK$146.0 million, or approximately 3.1%, from HK$4,728.6 million in Fiscal 2018 to HK$4,874.6 million in Fiscal 2019. 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$530.9 million in Fiscal 2019, representing an increase of approximately HK$6.2 million, or approximately 1.2%, as compared to Fiscal 2018.

Revenue generated from sales of functional sports products increased by HK$243.0 million, or approximately 39.5%, from HK$614.8 million in Fiscal 2018 to HK$857.8 million in Fiscal 2019. 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 expenses for personnel directly involved in our production activities, depreciation of our production equipment and others.

	For the year ended 31 March					
	2019		2018		Change	
	HK$'000	***% of Revenue***	*HK$'000*	*% of Revenue*	*HK$'000*	*%*
Costs of raw materials	**2,320,360**	**37.0**	2,165,994	36.9	154,366	7.1
Employee benefit expenses	**1,892,003**	**30.2**	1,867,199	31.8	24,804	1.3
Depreciation	**245,063**	**3.9**	199,823	3.4	45,240	22.6
Utilities	**112,973**	**1.8**	113,969	2.0	(996)	(0.9)
Others	**350,936**	**5.7**	287,140	4.9	63,796	22.2
	4,921,335	**78.6**	4,634,125	79.0	287,210	6.2

Cost of sales as a percentage of total revenue decreased from 79.0% in Fiscal 2018 to 78.6% in Fiscal 2019. This was primarily attributable to our continued efficiency improvement of the Vietnam factory, resulting in a reduction of employee benefit expenses as a percentage of our total revenue.

Cost of sales increased from HK$4,634.1 million in Fiscal 2018 to HK$4,921.3 million in Fiscal 2019 primarily due to 1) increases in costs of raw materials and employee benefit expenses as a result of increase in revenue; and 2) increase in deprecation as a result of the Group's factories expansion in Vietnam.

Fiscal 2018's certain expenses in relation to production staff have been reclassified from Distribution and selling expenses to Cost of sales to conform to Fiscal 2019's presentation.

Gross profit and gross profit margin

	For the year ended 31 March					
	2019		2018			
	Gross Profit *HK$'000*	**Gross Profit margin** *%*	Gross Profit *HK$'000*	Gross Profit margin *%*	Change *HK$'000*	*%*
Bras and intimate wear	**1,070,262**	**22.0**	1,008,887	21.3	61,375	6.1
Bra pads and other molded products	**111,617**	**21.0**	110,309	21.0	1,308	1.2
Functional sports products	**160,066**	**18.7**	114,727	18.7	45,339	39.5
Gross profit	**1,341,945**	**21.4**	1,233,923	21.0	108,022	8.8
Gross profit (before depreciation)	**1,587,008**	**25.3**	1,433,746	24.4	153,262	10.7

Our overall gross profit increased from HK$1,233.9 million in Fiscal 2018 to HK$1,341.9 million in Fiscal 2019. The gross profit margin in Fiscal 2019 was 21.4%, as compared to 21.0% in Fiscal 2018. Gross profit margin (before depreciation) in Fiscal 2019 increased by 0.9 percentage points to 25.3%, as compared to 24.4% in Fiscal 2018. 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 21.3% in Fiscal 2018 to 22.0% in Fiscal 2019, primarily due to our continued efficiency improvement of the Vietnam Factory A and B, which was partially offset by the building in production efficiency of our Vietnam Factory C. While the gross profit margin of bra pads and other molded products have remained stable at 21.0% in both Fiscal 2018 and Fiscal 2019, the gross profit margin of functional sports products have also remained stable at 18.7% in both fiscal years.

Other Income and other gains, net

Our other income and other gains consist primarily of government grants. It increased from HK$21.8 million in Fiscal 2018 to HK$28.4 million in Fiscal 2019, primarily attributable to 1) increase in government grants subsidies, which depend on the government grant policies and criteria during different time periods; and 2) increase of scrap sales income.

Distribution and selling expenses

Distribution and selling expenses primarily consist of freight and transportation expenses, employee benefit expenses for our sales personnel, travelling expenses, declaration charges, marketing and promotion expenses and others. The Group's distribution and selling expenses have remained relatively stable in terms of absolute amount and percentage of total revenue, and represented 2.5% of its total revenue respectively for both Fiscal 2018 and Fiscal 2019.

General and administrative expenses

General and administrative expenses primarily consist of employee benefit expenses for our administrative personnel, depreciation and amortisation, other taxes and surcharges, building management 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% for both Fiscal 2018 and Fiscal 2019 respectively.

General and administrative expenses increased by 7.0% from HK$578.6 million in Fiscal 2018 to HK$619.0 million in Fiscal 2019. The increase was primarily attributable to the Group's expansion in Vietnam, resulting in an increase in employee benefit expenses, depreciation and amortisation, 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 2019, the Group's research and development costs as a percentage of total revenue have remained stable at 3.3% for both fiscal years.

Research and development costs increased by 4.7% from HK$195.9 million in Fiscal 2018 to HK$205.1 million in Fiscal 2019, 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. Our finance costs as a percentage of total revenue increased from 0.8% in Fiscal 2018 to 1.4% in Fiscal 2019, primarily due to 1) global trend of rising interest rate; and 2) increase in borrowings, as a result of Vietnam factories expansion and business growth in Fiscal 2019.

Finance costs increased from HK$49.8 million in Fiscal 2018 to HK$90.2 million in Fiscal 2019 was primarily attributable to the reasons mentioned above.

Income tax expense

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

For the year ended 31 March 2019, the Group is eligible to nominate one Hong Kong incorporated entity in the Group to be chargeable at the two tiered profits tax rates, whereby profits tax will be chargeable on the first HK$2 million of assessable profits at 8.25% and assessable profits above this threshold will be subject to a rate of 16.5%. Hong Kong profits tax of other Hong Kong incorporated entities in the Group has been provided for at the rate of 16.5% on the estimated assessable profits. For the year ended 31 March 2018, Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profits.

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

The subsidiaries established and operated in Vietnam were subject to corporate income tax at a rate of 20% in Fiscal 2019 and Fiscal 2018. 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$45.9 million in Fiscal 2018 to HK$19.6 million in Fiscal 2019. Excluding the positive effect of Super Deduction amounted HK$28.8 million (Fiscal 2018: HK$10.3 million) during Fiscal 2019, the Group's effective tax rate decreased from 19.6% in Fiscal 2018 to 16.0% in Fiscal 2019, mainly attributed to tax holiday enjoyed by the Vietnam subsidiaries and increase in proportion of the Group's Vietnam production during the year.

Net profit

As a result of the cumulative effect of the above factors, our net profit for the year increased by 17.6% from HK$240.2 million in Fiscal 2018 to HK$282.4 million in Fiscal 2019. Our net profit margin increased from 4.1% in Fiscal 2018 to 4.5% in Fiscal 2019.

Liquidity, financial resources and bank borrowings

The Group's current ratios (calculated as current assets over current liabilities) were 1.2 times and 1.0 times as at 31 March 2019 and 31 March 2018 respectively. Net debt (represented by bank borrowings less the cash and cash equivalents) was HK$2,557.7 million (31 March 2018: HK$1,700.2 million). The increase of net debt was mainly due to the increase in capital expenditure on our production facilities in Vietnam. Gearing ratio as at 31 March 2019 was 87.5% (31 March 2018: 59.3%), which was calculated as net debt divided by total equity. Excluding the currencies depreciation impact on the net assets denominated in RMB and VND, the adjusted net gearing as at 31 March 2019 was 84.6% (31 March 2018: 59.9%).

Working capital management

	As at	
	31 March 2019 (days)	31 March 2018 (days)
Inventory turnover days	**64**	65
Receivables turnover days	**48**	47
Payables turnover days	**29**	30

Inventory, receivables and payables turnover days have been maintained at stable and healthy levels of 64 days, 48 days and 29 days respectively during Fiscal 2019.

Capital expenditures

For Fiscal 2019, total addition to property, plant and equipment, leasehold land and land use rights, and intangible assets amounted to approximately HK$1,210.5 million (Fiscal 2018: HK$1,140.0 million), and was mainly attributable additions of production lines for our Hai Phong Factory C and construction of our Hai Phong Factory D and E to cope with the Group's overall business expansion.

Pledged assets

As at 31 March 2018 and 31 March 2019, the Group did not have assets pledged for bank borrowings.

Foreign exchange risk

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

Contingent liabilities

As at 31 March 2019, the Group did not have any significant contingent liabilities.

Material acquisitions and future plans for major investment

Save for the investment in the construction of the production facilities in Vietnam, during Fiscal 2019, the Group did not conduct any material investments, acquisitions or disposals. In addition, save for the expansion plans as disclosed in the sections headed "Business" and "Future Plans and Use of Proceeds" in the prospectus of the Company dated 24 September 2015 (the "**Prospectus**"), and the framework construction agreements disclosed in the announcements dated 24 July 2017 and 24 April 2018 respectively, the Group has no specific plan for major investment or acquisition for major capital assets or other businesses. However, the Group will continue to identify new opportunities for business development.

Employees and remuneration policies

As at 31 March 2019, the Group employed a total of approximately 40,419 full-time staff (31 March 2018: 36,993). The total staff cost of the Group (including salaries, bonuses, social insurances, and provident funds) amounted to HK$2,420.7 million, representing 38.6% 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

Looking ahead, with macroeconomic environment remaining uncertain, it is expected that business environment will remain challenging. Even though Regina Miracle possesses strong innovative design manufacturing ("**IDM**") capabilities, and a production base in Vietnam that is steadily maturing, the management realizes that only by taking a prudent approach can the Group lay a solid foundation for achieving long-term steady business development.

In respect of capacity planning, the Group's major target for the coming three years will be to deepen the optimization of its overall management by properly adjusting the resources allocation between Shenzhen and Vietnam, in order to concentrate on enhancing production and operating efficiency, and ultimately, strengthen its profitability. As the Group's five factories in Hài Phòng and a factory in Hung Yen will all put into operation in 2020, the management expects the operating and upcoming production facilities will be sufficient to stably drive its production capacity growth in the next two to three years. On this major premise, the Group does not foresee any additional capital to be invested in new facilities in 2019 and 2020, although it does have land reserves in the VSIP, Hai Phòng, which could cope with long-term development. The Group will continue to monitor market developments and consider a number of factors, such as cost competitiveness, policy, technical requirements and the demand of brand partners when optimizing production capacities between its Vietnam and Shenzhen factories. The Group will also seek to right-scale the latter as appropriate.

In the year ahead, Regina Miracle's another principle objective will be to achieve a steady revenue growth and enhance the profitability, while at the same time raise the efficiency. To align with this objective, the Group will continue to observe the strategy of being selective about brand partners and product portfolios, and focus on its existing ones so as to maintain healthy orders.

It is worth noting that industry brand players are increasingly gravitating towards the read and react strategy and more stringent channel inventory management that require vendors to become more agile in order to timely and flexibly respond to the changes in the end market. In response, the Group has placed greater energies in the past two years, on top of constant efforts towards product innovation, in standardizing craftsmanship and automating production process. Consequently, the upcoming production equipment and technological developments will be led by automation concept, which will pave the way to greater production efficiency and agility. Externally, the Group will strengthen its supply chain management in order to create a healthy and competitive environment from which it can benefit.

The management will strive to execute the abovementioned strategies with a steady and prudent development approach to steer Regina Miracle towards a new milestone in business development, which will ultimately create value for our brand partners and 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 four Board committees namely, the audit committee, the nomination committee, the remuneration committee and the executive committee with written terms of reference in compliance with the Corporate Governance Code and Corporate Governance Report ("**CG Code**") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**").

The Board has reviewed the Company's corporate governance practices and is satisfied that save as disclosed below, the Company has complied with all code provisions and, where applicable, the recommended best practices of the CG Code for the year ended 31 March 2019.

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 2019, 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 2019.

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

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet and the related notes thereto for the year ended 31 March 2019 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 Listing Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as its code of conduct regarding directors' securities transactions. Upon specific enquiries being made with all Directors, each of them confirmed that they have complied with the required standards set out in the Model Code for the year ended 31 March 2019.

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 2019.

FINAL DIVIDEND

The Board has resolved to propose a final dividend of HK4.0 cents per share for the year ended 31 March 2019. Together with the interim dividend of HK3.6 cents per share, the total dividend distribution represents approximately 32.9% of the Group's net profit for the year ended 31 March 2019.

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, 26 August 2019. If approved by shareholders, the proposed final dividend is expected to be paid on or about Thursday, 12 September 2019 to shareholders whose names appear on the register of members of the Company on Tuesday, 3 September 2019.

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, 20 August 2019 to Monday, 26 August 2019, 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, 19 August 2019.

(2) The final dividend will be payable on or about Thursday, 12 September 2019 to the shareholders whose names appear on the register of members of the Company on Tuesday, 3 September 2019. For the purpose of ascertaining shareholders' entitlement for the final dividend, the register of members of the Company will be closed from Friday, 30 August 2019 to Tuesday, 3 September 2019, both days inclusive. To qualify for the final dividend, shareholders should ensure that all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. (Hong Kong time) on Thursday, 29 August 2019.

ANNUAL GENERAL MEETING

The AGM will be held on Monday, 26 August 2019. Notice of the AGM will be sent to the shareholders of the Company in due course.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement will be published on the websites of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the Company's website at www.reginamiracleholdings.com. The annual report 2018/19 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 2019.

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

Hong Kong, 25 June 2019

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