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## **Regina Miracle International (Holdings) Limited**

**維珍妮國際(控股)有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2199)**

### **CONTINUING CONNECTED TRANSACTION IN RELATION TO RENEWAL OF LE YING SALES AGREEMENT**

#### **2021 LE YING SALES AGREEMENT**

The Board announces that on 31 March 2021, the Company and Le Ying agreed to enter into a new sales agreement (the “**2021 Le Ying Sales Agreement**”) in view of the 2018 Le Ying Sales Agreement shall expire on 31 March 2021. The 2021 Le Ying Sales Agreement shall be effective on 1 April 2021, pursuant to which the Company agreed to supply and procure its subsidiaries to supply to Le Ying Group intimate wear products, sport wear products and pandemic prevention products for a term of three years expiring on 31 March 2024. The Company and Le Ying agreed that the 2021 Le Ying Sales Agreement may be extended for another three years upon negotiation within two months prior to its expiry, unless the agreement is terminated due to the trademark license term expires or due to Le Ying ceases to be a connected person of the Company.

#### **LISTING RULES IMPLICATIONS**

Le Ying is wholly-owned by Mr. Hung, hence an associate of Mr. Hung and a connected person of the Company. Accordingly, transactions contemplated under the 2021 Le Ying Sales Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since one or more of the relevant applicable percentage ratios (as defined under the Rule 14.07 of the Listing Rules) in respect of transactions contemplated under the 2021 Le Ying Sales Agreement are expected to be, on an annual basis, more than 0.1% but less than 5%, the transactions are exempt pursuant to Rule 14A.76(2) of the Listing Rules from the circular (including independent financial adviser) and independent shareholders’ approval requirements but are subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

## **THE 2021 LE YING SALES AGREEMENT**

Principal terms of the 2021 Le Ying Sales Agreement are set out as follows:

### **Date**

31 March 2021

### **Parties**

- (1) the Company (as the supplier); and
- (2) Le Ying (as the purchaser)

### **Term**

1 April 2021 to 31 March 2024 (both dates inclusive)

### **Principal terms**

The Company supplies and procures its subsidiaries to supply to Le Ying Group intimate wear products, sport wear products and pandemic prevention products.

### **Pricing policy**

All orders placed by Le Ying Group under the 2021 Le Ying Sales Agreement are effected by purchase orders which set out the detailed particulars of products to be ordered, including the model, style and design of products, the quantity, the unit price, payment terms and delivery terms which shall be negotiated and concluded on normal commercial terms and on arm's length basis between the Company and Le Ying Group.

The price of the sales of intimate wear products, sport wear products and pandemic prevention products by the Company to Le Ying Group shall be determined on an arm's length basis with reference to (1) the cost of production and the expected gross profit margin, taking into account factors like complication of work involved, order volume and production period, (2) the average selling price of the products of comparable nature and scale and accepted by an independent third party in the twelve month period prior to the relevant transaction, (3) where there is no such average selling price available, any most recent available sale price of products of comparable nature and scale offered by the Group and accepted by an independent third party, the latest available market data, and (4) the prevailing market price for the sale of products of comparable nature and scale, which should be in any event no less favorable to the Group than is available to independent third parties. The key terms of the pricing policy are the same as those disclosed in prospectus and last announcement.

Before determining the rate of the sales price, the Company will review the sales price of relevant comparable products provided to independent third parties, and ensure that the sales price rate for the Le Ying Group will be commensurate with the sales price rate for independent third parties. The Board believes the sales to Le Ying Group will not be prejudicial to the interests of the Company and its minority shareholders considering the Company will rely on arm's length basis and implement the thoughtful pricing policy to determine the price of sales to Le Ying Group.

## HISTORICAL TRANSACTION AMOUNTS AND ANNUAL CAPS

### Historical figures

The historical transaction amounts of the sales by the Group to Le Ying Group for the years ended 31 March 2019, 2020 and 2021 are set out below:

	<b>History Transaction Amount for the years ended 31 March</b> <i>(HK\$'000)</i>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
Total Revenue	<u>26,528</u>	<u>12,569</u>	<u>27,037</u>

### Annual Caps

The maximum aggregate annual amount of the sales by the Group to Le Ying Group for the years ending 31 March 2022, 2023 and 2024 shall not exceed the caps set out below:

	<b>Proposed Annual Cap for the years ending 31 March</b> <i>(HK\$'000)</i>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
Total Revenue	<u>60,000</u>	<u>80,000</u>	<u>100,000</u>

### Basis of Proposed Annual Caps

In determining the above annual caps, the Directors have considered (1) the historical transactions amount for the sales by the Group to Le Ying Group, (2) the prevailing market prices of intimate wear products, sport wear products and pandemic prevention products of comparable nature and scale, and (3) the Group's anticipated demand for intimate wear products, sport wear products and pandemic prevention products of Le Ying Group and under the assumption that (1) Le Ying Group will expand its retail business by increasing the number of stores gradually for the three years ending 31 March 2024, as Le Ying is anticipating sales growth as the retail business is expected to resume and grow after recovery from the Pandemic; (2) the retail business had been affected by the social movement in Fiscal 2020 and the preventive measures imposed by the Government to combat the Pandemic in Fiscal 2020 and 2021, thus the historical transaction amount for Fiscal 2020 and 2021 is much lower than the proposed annual caps; (3) there will not be any material fluctuation in the market supply and demand of the relevant intimate wear products, sport wear products and pandemic prevention products for the three years ending 31 March 2024; and (4) there will not be any material fluctuation in market price of the relevant products for the three years ending 31 March 2024.

## **REASONS FOR THE TRANSACTION**

We have been manufacturing intimate wear and sport wear products for Le Ying Group's retail businesses in Hong Kong and PRC since 2011. Since the outbreak of COVID-19 in late December 2019 that later developed into a pandemic (the "**Pandemic**") around the world and the Pandemic remains raging, the Directors consider that it is beneficial for the Group to continually supply intimate wear products and sport wear products and meanwhile supply newly-developed pandemic prevention products to Le Ying Group on normal commercial terms, thus broadening our customer and revenue base in Asia.

## **LISTING RULES IMPLICATIONS**

Since one or more of the relevant applicable percentage ratios (as defined under the Rule 14.07 of the Listing Rules) in respect of transactions contemplated under 2021 Le Ying Sales Agreement are expected to be, on an annual basis, more than 0.1% but less than 5%, the transactions are exempt pursuant to Rule 14A.76(2) of the Listing Rules from the circular (including independent financial adviser) and independent shareholders' approval requirements but is subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors but excluding Mr. Hung) have reviewed and approved the 2021 Le Ying Sales Agreement.

## **GENERAL INFORMATION**

Le Ying is a limited liability company incorporated in Hong Kong and is engaged in retailing of intimate wear products, sport wear products and pandemic prevention products in Hong Kong and PRC. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the entire issued share capital of Le Ying is wholly owned by Mr. Hung.

The Group is principally engaged in the design, manufacturing and trading of bras, intimate wear, bra pads, other molded products, functional sports products and pandemic prevention products.

## DEFINITION

In this announcement, the following terms have the meanings set out below, unless the context requires otherwise:

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Regina Miracle International (Holdings) Limited (維珍妮國際(控股)有限公司) a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2199)
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“COVID-19”	a viral respiratory disease caused by the severe acute respiratory syndrome coronavirus 2, which is believed to have first emerged in late 2019
“Director(s)”	the director(s) of the Company
“Effective Date”	the effective date of the 2021 Le Ying Sales Agreement (i.e. 1 April 2021)
“Group”	the Company and its subsidiaries
“Hong Kong Dollar” or “HK\$”	the lawful currency of the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Date”	the date on which the Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (i.e. 8 October 2015)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Le Ying”	Le Ying Trading (Hong Kong) Limited, a limited company incorporated in Hong Kong and wholly-owned by Mr. Hung, hence an associate of Mr. Hung and a connected person of the Company
“Le Ying Group”	Le Ying and its subsidiaries

“Mr. Hung”	Mr. Hung Yau Lit (also known as Mr. YY Hung), the chairman of the Board, chief executive officer, an executive Director and controlling shareholder of the Company
“PRC”	the People’s Republic of China, but for the purpose of this announcement and for geographical reference only and except where the context requires, references in this announcement to the “PRC” do not apply to Taiwan, Macau Special Administrative Region and Hong Kong
“2018 Le Ying Sales Agreement”	the sales agreement dated 9 May 2018 entered into between the Company and Le Ying
“2021 Le Ying Sales Agreement”	the sales agreement dated 31 March 2021 entered into between the Company and Le Ying
“%”	per cent

By Order of the Board  
**Regina Miracle International (Holdings) Limited**  
**Yiu Kar Chun Antony**  
*Executive Director*

Hong Kong, 31 March 2021

*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.*