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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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2021

FINANCIAL HIGHLIGHTS

	Year ended 31 March				
	2021		**2020**		**Change**
	HK$'000	*%*	*HK$'000*	*%*	
Revenue	5,974,290	100.0	6,341,010	100.0	(5.8%)
Gross profit	1,237,953	20.7	1,440,731	22.7	(14.1%)
Profit attributable to owners of the Company	125,515	2.1	289,953	4.6	(56.7%)
Earnings before interest, taxes, depreciation and amortisation ("**EBITDA**")#	820,593	13.7	969,745	15.3	(15.4%)
Profit attributable to owners of the Company (excluded restructuring costs)#	175,253	2.9	289,953	4.6	(39.6%)
Earnings before interest, taxes, depreciation and amortisation (excluded restructuring costs)#	870,331	14.6	969,745	15.3	(10.3%)
	HK cents		*HK cents*		
Earnings per share – basic and diluted	10.3		23.7		
Dividend per share	4.8		7.8		
– Interim dividend	–		*3.8*		
– Proposed final dividend	*3.3*		*4.0*		
– Proposed special dividend	*1.5*		–		

These are not measures 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 2021 ("**Fiscal 2021**"), together with the comparative figures for the corresponding year in 2020 ("**Fiscal 2020**"), as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2021

	Note	**2021** *HK$'000*	2020 *HK$'000*
Revenue	*3*	**5,974,290**	6,341,010
Cost of sales	*5*	**(4,736,337)**	(4,900,279)
Gross profit		**1,237,953**	1,440,731
Other income and other gains	*4*	**48,065**	65,880
Distribution and selling expenses	*5*	**(139,494)**	(164,533)
General and administrative expenses	*5*	**(630,903)**	(664,527)
Research and development costs	*5*	**(199,968)**	(203,911)
Other operating expenses	*5*	**(49,738)**	–
Operating profit		**265,915**	473,640
Finance income	*6*	**1,826**	2,281
Finance costs	*6*	**(123,556)**	(162,819)
Finance costs, net		**(121,730)**	(160,538)
Share of net profit of an associate accounted for using the equity method		**2,515**	–
Profit before income tax		**146,700**	313,102
Income tax expense	*7*	**(21,185)**	(23,149)
Profit for the year attributable to owners of the Company		**125,515**	289,953
Earnings per share for profit attributable to owners of the Company (expressed in HK cents per share)			
– Basic and diluted	*8*	**10.3**	23.7

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2021

	2021	2020
	HK$'000	*HK$'000*
Profit for the year	**125,515**	289,953
Other comprehensive income/(loss):		
Items that have been reclassified or may be subsequently reclassified to profit or loss		
Currency translation differences	**66,633**	(203,332)
Fair value gain on insurance policy investments	**8,377**	5,540
Fair value change on trade receivables carried at fair value through other comprehensive income ("**FVOCI**")	**(16,506)**	(30,192)
Reclassification of trade receivables at FVOCI reserve to factoring interests and charges upon disposals	**17,311**	30,181
Other comprehensive income/(loss) for the year, net of tax	**75,815**	(197,803)
Total comprehensive income attributable to owners of the Company	**201,330**	92,150

CONSOLIDATED BALANCE SHEET

As at 31 March 2021

	Note	2021 HK$'000	2020 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**4,674,481**	4,611,413
Right-of-use assets		**463,105**	466,590
Intangible assets		**43,663**	47,923
Insurance policy investments		**190,359**	130,110
Investment in an associate		**11,715**	–
Deposits and prepayments		**111,255**	26,470
Deferred income tax assets		**17,296**	6,348
		5,511,874	5,288,854
Current assets			
Inventories		**1,245,629**	1,096,605
Trade receivables	*10*	**1,093,022**	718,896
Deposits, prepayments and other receivables		**48,115**	43,041
Tax recoverable		**3,510**	16
Restricted bank deposits		**6,906**	–
Cash and cash equivalents		**827,980**	587,616
		3,225,162	2,446,174
Total assets		**8,737,036**	7,735,028
EQUITY			
Equity attributable to owners of the Company			
Share capital		**95,247**	95,247
Reserves		**2,975,108**	2,822,748
Total equity		**3,070,355**	2,917,995

	Note	2021 HK$'000	2020 HK$'000
LIABILITIES			
Non-current liabilities			
Borrowings		**3,192,407**	2,852,437
Other payables		**24,155**	12,792
Lease liabilities		**78,165**	63,129
Deferred income tax liabilities		**22,162**	4,039
		3,316,889	2,932,397
Current liabilities			
Trade payables	*11*	**424,758**	385,300
Accruals and other payables		**671,267**	655,706
Lease liabilities		**68,598**	99,701
Borrowings		**1,176,484**	737,568
Current income tax liabilities		**8,685**	6,361
		2,349,792	1,884,636
Total liabilities		**5,666,681**	4,817,033
Total equity and liabilities		**8,737,036**	7,735,028

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. The Company and its subsidiaries (together the "**Group**") are principally engaged in the manufacturing and trading of bras, intimate wear, bra pads, other molded products, functional sports products and pandemic prevention products.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These consolidated financial statements of the Group 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.

(a) Amended standards and conceptual framework adopted by the Group

The Group has applied the following new and amended standards and new interpretation for the first time for their annual reporting period commencing 1 April 2020:

HKAS 1 and HKAS 8 (Amendment)	Definition of Material
HKFRS 3 (Amendment)	Definition of a Business
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Hedge accounting
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

The adoption of other amended standards and conceptual framework 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, interpretation and accounting guideline not yet adopted by the Group

The following new and amended standards and conceptual framework have been issued that are not mandatory for financial year ended 31 March 2021 and have not been early adopted by the Group:

HKFRS 16 (Amendment)	Covid-19-Related Rent Concessions	1 June 2020
HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phase 2	1 April 2021
Annual Improvements Project (Amendments)	Annual Improvements to HKFRSs 2018-2020	1 April 2022
HKFRS 3, HKAS 16 and HKAS 37 (Amendments)	Narrow-scope Amendments	1 April 2022
AG 5 (Revised)	Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations	1 April 2022
HKAS 1 (Amendment)	Classification of Liabilities as Current or Non-current	1 April 2023
HKFRS 17	Insurance Contracts and the related amendments	1 April 2023
HK Int 5 (2020)	Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (HK Int 5 (2020))	1 April 2023
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

3 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 four segments engaged in the manufacturing and trading of:

(i) Bras and intimate wear;

(ii) Bra pads and other molded products;

(iii) Functional sports products; and

(iv) Pandemic prevention products.

Pandemic prevention products (including fabric face masks, disposable masks and protective clothing) is a new segment determined by the Executive Directors as a result of the outbreak of coronavirus disease 2019 ("**COVID-19**") during the year ended 31 March 2021.

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 costs 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 2021 are as follows:

	Bras and intimate wear *HK$'000*	**Bra pads and other molded products** *HK$'000*	**Functional sports products** *HK$'000*	**Pandemic prevention products** *HK$'000*	**Total** *HK$'000*
Total segment revenue (Recognised at a point in time)	**3,968,123**	**567,711**	**788,840**	**649,616**	**5,974,290**
Gross profit/segment results	**835,405**	**128,315**	**136,829**	**137,404**	**1,237,953**
Other income					**48,065**
Distribution and selling expenses					**(139,494)**
General and administrative expenses					**(630,903)**
Research and development costs					**(199,968)**
Other operating expenses					**(49,738)**
Finance income					**1,826**
Finance costs					**(123,556)**
Share of net profit of an associate accounted for using equity method					**2,515**
Profit before income tax					**146,700**
Income tax expense					**(21,185)**
Profit for the year					**125,515**

Other segment item included in the consolidated income statement for the year ended 31 March 2021 is as follows:

	Bras and intimate wear *HK$'000*	**Bra pads and other molded products** *HK$'000*	**Functional sports products** *HK$'000*	**Pandemic prevention products** *HK$'000*	**Total** *HK$'000*
Depreciation for property, plant and equipment and right-of-use assets included in cost of sales	**248,904**	**36,228**	**56,571**	**48,200**	**389,903**

The segment results for the year ended 31 March 2020 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)	5,061,431	677,093	602,486	6,341,010
Gross profit/segment results	1,183,845	144,221	112,665	1,440,731
Other income and other gains				65,880
Distribution and selling expenses				(164,533)
General and administrative expenses				(664,527)
Research and development costs				(203,911)
Finance income				2,281
Finance costs				(162,819)
Profit before income tax				313,102
Income tax expense				(23,149)
Profit for the year				289,953

Other segment item included in the consolidated income statement for the year ended 31 March 2020 is as follows:

	Bras and intimate wear *HK$'000*	Bra pads and other molded products *HK$'000*	Functional sports products *HK$'000*	Total *HK$'000*
Depreciation for property, plant and equipment and right-of-use assets included in cost of sales	267,295	46,781	35,326	349,402

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

	2021	2020
	HK$'000	*HK$'000*
United States	**2,753,532**	2,895,464
The People's Republic of China ("**The PRC**")	**979,214**	820,716
Europe	**737,399**	745,060
Hong Kong	**167,685**	311,041
Japan	**573,585**	753,398
Korea	**90,307**	101,904
South-east Asia *(Note a)*	**280,382**	274,636
South Asia *(Note b)*	**47,461**	93,064
Other countries/regions *(Note c)*	**344,725**	345,727
	5,974,290	6,341,010

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 deposits, deferred tax assets and insurance policy investments, of the Group are located in the following geographical areas:

	2021	2020
	HK$'000	*HK$'000*
The PRC	**822,463**	852,725
Hong Kong	**60,050**	53,180
Vietnam	**4,416,360**	4,240,900
	5,298,873	5,146,805

4 OTHER INCOME AND OTHER GAINS

	2021 *HK$'000*	2020 *HK$'000*
Other income		
Scrap sales income	**9,703**	9,791
Government grants *(Note)*	**35,131**	53,891
Others	**3,231**	2,118
	48,065	65,800
Other gains		
Gain on disposal of insurance policy investments	**–**	80
	48,065	65,880

Note:

The government grants obtained mainly represent technical innovation subsidies from the PRC government and salaries and wages subsidies granted under the Anti-Epidemic Fund by the Government of the Hong Kong Special Administrative Region for the use of paying wages of employees from June to November 2020. Under the terms of the salaries and wages subsidies, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to its employees. There are no unfulfilled conditions or other contingencies attaching to these grants.

5 EXPENSES BY NATURE

	2021 *HK$'000*	2020 *HK$'000*
Amortisation of intangible assets	**9,887**	9,273
Depreciation of property, plant and equipment	**446,881**	401,035
Depreciation of right-of-use assets	**95,395**	85,797
Cost of inventories sold	**2,140,905**	2,166,269
Loss allowance of trade receivables	**721**	6,181
Employee benefit expenses	**2,323,279**	2,526,415
Restructuring costs *(Note)*	**49,738**	–

Note:

The restructuring costs primarily include termination benefits of approximately HK$40,098,000 (2020: Nil) paid to employees and write-off of fixed assets of approximately HK$9,640,000 (2020: Nil) as a result of the reallocation of human resources and production capacity between the PRC and Vietnam for the year ended 31 March 2021 and are included in “other operating expenses” in the consolidated income statement.

6 FINANCE COSTS, NET

	2021	2020
	HK$'000	*HK$'000*
Finance income		
– interest income on bank deposits	**1,761**	2,281
– other interest income	**65**	–
	1,826	2,281
Finance costs		
– interest expense on bank borrowings	**(100,393)**	(130,700)
– factoring interests and charges	**(17,311)**	(30,181)
– interest expense on lease liabilities	**(8,282)**	(9,145)
– unwinding interest	**(289)**	(5,994)
	(126,275)	(176,020)
Less: interest expenses capitalised on qualifying assets *(Note)*	**2,719**	13,201
	(123,556)	(162,819)
Finance costs, net	**(121,730)**	(160,538)

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 borrowings during the year, which is 2.1% per annum (2020: 4.0%).

7 INCOME TAX EXPENSE

For the years ended 31 March 2020 and 2021, 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 for other Hong Kong incorporated entities in the Group 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% (2020: 25%) for the year ended 31 March 2021.

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**"). Certain PRC subsidiaries have 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% (2020: 20%). In accordance with the applicable tax regulations, preferential tax rates and tax holidays will be granted to new investment projects based on regulated encouraged sectors, encouraged locations, and size of the projects.

Regina Miracle International (Vietnam) Co., Ltd. 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, which is offered by the Vietnam Government and is stipulated in the subsidiary's investment license. The first year of this tax reduction period commenced in the financial year ended 31 March 2018.

Regina Miracle International Hung Yen Co., Ltd. is entitled to full exemption from corporate income tax for the first two 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 four years, which is offered by the Vietnam Government and is stipulated in the subsidiary's investment license. The first year of this tax reduction period will commence in the financial year ended 31 March 2022.

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

	2021	2020
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong profits tax	**5,138**	14,748
– PRC enterprise income tax	**11,531**	15,941
(Over)/under-provision in prior years	**(3,272)**	91
Deferred income tax	**7,788**	(7,631)
Income tax expense	**21,185**	23,149

8 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.

	2021	2020
Profit attributable to owners of the Company (HK$'000)	**125,515**	289,953
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)	**10.3**	23.7

(b) Diluted

Diluted earnings per share for the years ended 31 March 2021 and 2020 are the same as the basic earnings per share as there were no potentially dilutive ordinary shares issued.

9 DIVIDENDS

	2021 *HK$'000*	2020 *HK$'000*
Interim dividend, paid of HK Nil cents (2020: HK3.8 cents) per ordinary share	**–**	46,522
Final dividend, proposed, of HK3.3 cents (2020: HK4.0 cents) per ordinary share *(Note)*	**40,400**	48,970
Special dividend, proposed, of HK1.5 cents (2020: Nil) per ordinary share *(Note)*	**18,364**	–
	58,764	95,492

Note:

At a meeting held on 30 June 2021, a final dividend of HK3.3 cents (2020: HK4.0 cents) per ordinary share and a special dividend of HK1.5 cents (2020: Nil) per ordinary share of the Company, totalling approximately HK$58,764,000 (2020: HK$48,970,000) for the year ended 31 March 2021 are proposed. These consolidated financial statements do not reflect these dividend payables.

10 TRADE RECEIVABLES

	2021 *HK$'000*	2020 *HK$'000*
Trade receivables		
– carried at amortised cost	**849,577**	319,251
– carried at FVOCI	**253,789**	409,268
	1,103,366	728,519
Less: loss allowance of trade receivables	**(10,344)**	(9,623)
	1,093,022	718,896

The carrying amounts of trade receivables approximate their fair values.

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

	2021 *HK$'000*	2020 *HK$'000*
0–30 days	**547,475**	266,942
31–60 days	**207,115**	261,554
61–90 days	**209,278**	107,612
Over 90 days	**139,498**	92,411
	1,103,366	728,519

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 2021, included in the Group's trade receivables were amounts due from related parties of approximately HK$8,272,000 (2020: HK$3,090,000).

11 TRADE PAYABLES

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

	2021	2020
	HK$'000	*HK$'000*
0–30 days	**208,148**	210,788
31–60 days	**157,668**	120,384
61–90 days	**39,950**	39,769
Over 90 days	**18,992**	14,359
	424,758	385,300

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

During the year under review, the outbreak of coronavirus disease 2019 ("**COVID-19**" or the "**Pandemic**") brought tremendous changes to various industries around the world, particularly during the first half of the year when many markets in Europe and the United States suffered from lockdowns. The global textile and apparel retail chain was thrust into a precarious situation. In the second half of the year, as the Pandemic was gradually brought under control, market confidence was restored. In addition, the public have gradually adapted to the new normal in the late-Pandemic era, including changes in lifestyle and consumption patterns. As a result, most retail brands have resumed normal operations from July onwards.

In the face of the Pandemic, the Group's core business was inevitably affected in the first half of Fiscal 2021. In particular, the traditional bra and intimate wear business saw a sudden drop in orders. However, the Pandemic has also created a growing demand for sports, home and consumer electronics products, and accelerated the rise of online shopping. With its innovative design manufacturing (IDM) capabilities and a diverse product portfolio built over the years, Regina Miracle was able to capitalize on strong growth in sports-related products under the Pandemic. In addition, the Group's aggressive efforts to explore new sources of income, including the development of fabric face masks by focusing on growing the Chinese market, which was the first to bring the Pandemic under control, have enabled the Group to partially offset the impact of the traditional bra and intimate wear business during the initial phase of the Pandemic. With the gradual resumption of operations and orders from some of its closer brand partners from the second quarter onwards, the Group was pleased to see orders for its overall business being back on track, which led to sales in the second half of the year as a whole surpassing the pre-Pandemic levels, and that this strong growth momentum will continue.

Meanwhile, the outbreak of Pandemic has allowed the Group to deeply reflect as well as take note of its own shortcomings. Under such unexpected challenge, the Group has remained prudent and taken a multi-pronged approach to internal control, including streamlining manpower and surrendering part of the Shenzhen factory, in order to optimize the allocation of human resources and production capacity in both the PRC and Vietnam. Furthermore, the Group has also optimized its production processes, enhanced efficiency and controlled costs through inventory utilization and workmanship improvements in order to create a flexible production model as well as lay a solid foundation for maintaining its edge in the industry going forward.

BUSINESS REVIEW

Financial performance

During the year, the Group recorded a revenue of approximately HK$5,974.3 million (Fiscal 2020: HK$6,341.0 million), which was only 5.8% lower than that of Fiscal 2020, despite the tough operating environment, thanks to the strong rebound in orders from its core business in the second half of the year, resulting in a significant increase of 37.3% in overall revenue as compared with the first half of the year. Gross profit decreased by 14.1% to approximately HK$1,238.0 million, with a gross profit margin of 20.7% (Fiscal 2020: HK$1,440.7 million and 22.7%, respectively), due to the decline in revenue. Thanks to the concerted efforts of all its colleagues and the efforts to increase revenue and control costs, the Group's earnings before interest, taxes, depreciation and amortisation (EBITDA) was approximately HK$820.6 million and EBITDA margin was 13.7% (Fiscal 2020: HK$969.7 million and 15.3%, respectively).

As a result of the deleveraging of operations and two one-off expenses due to the streamlining of production capacity and human resources, including severance payments to approximately 506 employees totaling approximately HK$40.1 million in compliance with regulations in the PRC and Vietnam and write off of fixed assets of approximately HK$9.6 million due to the surrender of part of the Shenzhen factory, the Group recorded a net profit of approximately HK$125.5 million for the year with a net profit margin of 2.1% (Fiscal 2020: HK$290.0 million and 4.6%, respectively). Basic earnings per share attributable to owners of the Company amounted to HK10.3 cents (Fiscal 2020: HK23.7 cents). Excluding the above one-off expense items, net profit decreased by 39.6% year-on-year to approximately HK$175.3 million with a net profit margin of 2.9%.

The Group is in a healthy financial position. In addition to stable operating cash flows, it also holds sufficient cash in hand and total undrawn trade and term loan facilities of approximately HK$828.0 million and HK$2,391.0 million, respectively, as at 31 March 2021 (31 March 2020: HK$587.6 million and HK$2,571.1 million, respectively).

The Board has resolved to propose a final dividend of HK3.3 cents per share for Fiscal 2021 (Fiscal 2020: HK4.0 cents per share, plus an interim dividend of HK3.8 cents per share, brought the total dividend to HK7.8 cents per share) in line with the Group's policy of paying no less than 30% of its net profit as dividends for the fiscal year, and proposed a special dividend of HK1.5 cents per share in appreciation of shareholders' unwavering support during the challenging year. The proposed final and special dividends are subject to approval by shareholders of the Company at the annual general meeting to be held on Monday, 13 September 2021. The final and special dividends are expected to be paid on or around Tuesday, 5 October 2021 to shareholders whose name appears on the register of members of the Company on Thursday, 23 September 2021.

Bras and intimate wear

Bras and intimate wear products remain the Group's primary source of revenue. During the year, this segment contributed approximately HK$3,968.1 million (Fiscal 2020: HK$5,061.4 million), representing a year-on-year decrease of 21.6% and accounting for 66.4% of the overall revenue. Gross profit of the segment amounted to approximately HK$835.4 million with a gross profit margin of 21.1% (Fiscal 2020: HK$1,183.8 million and 23.4%). The decline in segment revenue was mainly due to reduced or delayed orders from brand partners in Europe and the United States in the first quarter of the fiscal year caused by anti-pandemic measures, which dealt a major blow to the traditional bra and intimate wear business.

However, sports bras proved to be a silver lining, delivering a resilient performance driven by the growing popularity of sports during the Pandemic and support from a few new internationally renowned retail and sports brand partners, which ultimately resulted in an increase in sales of more than 30% when compared with last year. In addition, the "stay-at-home" trend also led to increased demand for comfortable lounge bra tops and bra products. In the domestic China market, the Group also added several new e-commerce brand partners, resulting in a more balanced customer portfolio. It was duly delighted with the robust growth in orders from the segment and an associated rise in revenue of 60.9% as compared with the first half of the year.

Bra pads and other molded products

Revenue from the bra pads and other molded products business amounted to approximately HK$567.7 million (Fiscal 2020: HK$677.1 million), representing a year-on-year decrease of 16.2%, and accounting for 9.5% of the total revenue. Gross profit and gross profit margin of the segment were approximately HK$128.3 million and 22.6% (Fiscal 2020: HK$144.2 million and 21.3%, respectively).

Although the performance of bra pads was affected by the Pandemic, along with bras and intimate wear, it showed a strong rebound of 44.3% in the second half of the year compared with the first half.

On another positive note, Regina Miracle's efforts in promoting cross-sector and cross-product line business development in recent years have borne fruit. The increase in "stay-at-home" time for the public under the Pandemic has led to a strong demand for the entertaining consumer electronic products, benefiting the Group's sales of fabric processing and other accessories for consumer electronics produced for its renowned multinational technology partners, with sales having surged by nearly 60% compared with last year.

Functional sports products

The functional sports products business contributed approximately HK$788.8 million in revenue during the year (Fiscal 2020: HK$602.5 million), representing a year-on-year increase of 30.9%, and accounting for 13.2% of the Group's total revenue. The segment also recorded a gross profit of approximately HK$136.8 million and a gross profit margin of 17.3% (Fiscal 2020: HK$112.7 million and 18.7%, respectively).

The increase in revenue in this segment was mainly due to the strong growth of sports products in the market during the Pandemic. In addition, the outbreak of the Pandemic led to increased awareness of sports and the growing popularity of the “work from home” model, as well as travel restrictions in many countries, which, in turn, led to strong demand for products that are comfortable, suitable for lounging at home and light exercising and fueled the growth of both the sports shoes and sportswear businesses.

With regard to sports footwear, the American casual footwear brand partner maintained double-digit growth during the year. As for the sportswear business, Regina Miracle continued to develop innovative products with superior craftsmanship for its international brand partners, resulting in a satisfactory performance. Furthermore, with the addition of new domestic sports brands and emerging e-commerce partners, the customer portfolio of this sub-segment has also been enriched.

Pandemic prevention products

Pandemic prevention products, a new business segment born out of the Pandemic, has already contributed approximately HK$649.6 million to the Group’s revenue in just one year of development, accounting for 10.9% of the Group’s total revenue. Gross profit of the segment was approximately HK$137.4 million, with a gross profit margin of 21.2%. Pandemic prevention products, predominantly fabric face masks, were supplied to its brand partners in Europe and the US from its Vietnam factory. This business contributed a remarkable revenue during the review year, which demonstrated the Group’s agility and adaptability amid difficult operating environments, and was able to make best use of its otherwise unutilized production capacity during the challenging times.

Production capacity

During the year, the Group has largely completed its factory layout at the Vietnam Singapore Industrial Park (“**VSIP**”) in Hài Phòng City, Vietnam. In the face of reduced or delayed orders from Europe and the United States in the first half of the year, the Group responded swiftly by developing and producing fabric face masks for customers, which enabled the production capacity to be fully utilized and helped offset the impact of the Pandemic on the traditional bra and intimate wear business. Fortunately, the Group’s core business has gradually returned to normal thanks to the satisfactory growth of sports bras and lounge bras, and therefore recruitment has been resumed since July and production output has gradually returned to normal levels in the second half of the year. As of 31 March 2021, production in Vietnam accounted for 78% of the Group’s total revenue, up from 73% in Fiscal 2020.

In order to enhance the operation effectiveness of its factories in the PRC and Vietnam, the Group conducted a comprehensive review of its internal structure and operation model and streamlined its manpower resources during the year. It also surrendered the lease part of the Shenzhen factory, which is expected to save operating expenses and improve capacity allocation in the long run. At the end of the year, the Group had a total of approximately 37,000 employees in Vietnam and approximately 6,500 employees at the Shenzhen factory in the PRC, which serves as the research and development (“**R&D**”) centre and production base.

The overall production capacity in Vietnam will be further increased as production in Vietnam becomes more sophisticated and efficient, while the Group has increased production lines in its existing factories to better utilize the factory scale in response to the increasing demand in orders. As for footwear production, the majority of production has been relocated from Shenzhen to Vietnam Factory E, and is progressing on track. However, it is worth noting that the Pandemic re-emerged in Vietnam prior to the Lunar New Year this year. Consequently, the Vietnam government imposed lockdown measures in the affected areas. As a result, approximately one-third of the Group's employees were unable to commute to work from various districts which in turn led once again to temporary interruption to production capacity that lasted for approximately four weeks. Owing to the quick response and the stringent Pandemic prevention measures taken by the Vietnam government, the Group's overall operations have returned to normal at present.

THE GROUP'S OPERATING RESULTS

Revenue

We derive our revenue primarily from direct sales of our products. Our total revenue decreased by 5.8% from approximately HK$6,341.0 million in Fiscal 2020 to approximately HK$5,974.3 million in Fiscal 2021. A comparison of the Group's revenue for Fiscal 2021 and Fiscal 2020 by product categories is as follows:

	For the year ended 31 March					
	2021		2020		Change	
	HK$'000	***% of Revenue***	*HK$'000*	*% of Revenue*	*HK$'000*	*%*
Bras and intimate wear	**3,968,123**	**66.4**	5,061,431	79.8	(1,093,308)	(21.6)
Bra pads and other molded products	**567,711**	**9.5**	677,093	10.7	(109,382)	(16.2)
Functional sports products	**788,840**	**13.2**	602,486	9.5	186,354	30.9
Pandemic prevention products	**649,616**	**10.9**	–	–	649,616	N/A
	5,974,290	**100.0**	6,341,010	100.0	(366,720)	(5.8)

Revenue generated from sales of bras and intimate wear decreased by HK$1,093.3 million, or 21.6%, from approximately HK$5,061.4 million in Fiscal 2020 to approximately HK$3,968.1 million in Fiscal 2021. The decrease was primarily attributable to the outbreak of the Pandemic in the first half of Fiscal 2021. The retail markets, especially in Europe and the United States where the Group's major markets are found, had been adversely affected. Such impact was partially offset by the promising sales improvement in the second half of Fiscal 2021. Revenue generated from sales of bras and intimate wear as a percentage of our total revenue decreased from 79.8% in Fiscal 2020 to 66.4% in Fiscal 2021.

Revenue generated from sales of bra pads and other molded products amounted to approximately HK$567.7 million in Fiscal 2021, representing a decrease of HK$109.4 million, or 16.2%, as compared to Fiscal 2020, which was due to the outbreak of the Pandemic around the world in the first half of Fiscal 2021, leading to a decreased demand from our customers on bra pads. Such impact was partially offset by promising sales improvement in the second half of Fiscal 2021, and resilient growth in molded parts of consumer electronics product. Revenue generated from sales of bra pads and other molded products as a percentage of our total revenue decreased from 10.7% in Fiscal 2020 to 9.5% in Fiscal 2021.

Revenue generated from sales of functional sports products increased by HK$186.4 million, or 30.9%, from approximately HK$602.5 million in Fiscal 2020 to approximately HK$788.8 million in Fiscal 2021. The increase was primarily due to the increased demand from our customers. Revenue generated from sales of functional sports products as a percentage of our total revenue increased from 9.5% in Fiscal 2020 to 13.2% in Fiscal 2021.

Given the Pandemic has caused a surge in demand for pandemic prevention products, the Group quickly seized the opportunity to develop and produce face mask products for its customers. Revenue generated from sales of pandemic prevention products amounted to approximately HK$649.6 million in Fiscal 2021, representing 10.9% as a percentage of our total revenue in Fiscal 2021.

Cost of sales

Cost of sales primarily consists of costs 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					
	2021		2020		Change	
	HK$'000	***% of Revenue***	*HK$'000*	*% of Revenue*	*HK$'000*	*%*
Costs of raw materials	**2,140,905**	**35.9**	2,166,269	34.2	(25,364)	(1.2)
Employee benefit expenses	**1,812,967**	**30.3**	1,952,693	30.8	(139,726)	(7.2)
Depreciation	**389,903**	**6.5**	349,402	5.5	40,501	11.6
Others	**392,562**	**6.6**	431,915	6.8	(39,353)	(9.1)
	4,736,337	**79.3**	4,900,279	77.3	(163,942)	(3.3)
Cost of sales (excluded depreciation)	**4,346,434**	**72.8**	4,550,877	71.8	(204,443)	(4.5)

Cost of sales as a percentage of total revenue increased from 77.3% in Fiscal 2020 to 79.3% in Fiscal 2021. This was primarily attributable to 1) decrease in revenue, leading to a drop in capacity utilization and operating deleverage in the first half of Fiscal 2021; 2) increase in depreciation as a percentage of revenue by 1.0% as a result of decrease in revenue; and 3) increase in cost of raw materials as a percentage of revenue by 1.7% due to rising materials unit price. The above impact was partially offset by the improvement in the cost of sales in the second half of Fiscal 2021.

Cost of sales decreased from approximately HK$4,900.3 million in Fiscal 2020 to approximately HK$4,736.3 million in Fiscal 2021 primarily due to decrease in costs of raw materials and employee benefit expenses as a result of the decrease in revenue.

Cost of sales (excluded depreciation) as a percentage of total revenue were 72.8% and 71.8% in Fiscal 2021 and Fiscal 2020 respectively.

Gross profit and gross profit margin

	For the year ended 31 March					
	2021		2020			
	Gross Profit *HK$'000*	**Gross Profit margin** %	Gross Profit *HK$'000*	Gross Profit margin %	Change *HK$'000*	%
Bras and intimate wear	**835,405**	**21.1**	1,183,845	23.4	(348,440)	(29.4)
Bra pads and other molded products	**128,315**	**22.6**	144,221	21.3	(15,906)	(11.0)
Functional sports products	**136,829**	**17.3**	112,665	18.7	24,164	21.4
Pandemic prevention products	**137,404**	**21.2**	–	–	137,404	N/A
Gross profit	**1,237,953**	**20.7**	1,440,731	22.7	(202,778)	(14.1)

Our overall gross profit decreased from approximately HK$1,440.7 million in Fiscal 2020 to approximately HK$1,238.0 million in Fiscal 2021. The gross profit margin in Fiscal 2021 was 20.7%, as compared to 22.7% in Fiscal 2020. Such decrease was mainly due to the drop in capacity utilization and operating deleverage as a result of the decrease in revenue caused by the Pandemic in the first half of Fiscal 2021.

Gross profit margin of bras and intimate wear decreased from 23.4% in Fiscal 2020 to 21.1% in Fiscal 2021, primarily due to the reduced utilization and operating deleverage as a result of lower sales in the first half of Fiscal 2021. Such impact was partially offset by the gradual improvement of gross profit margin in second of Fiscal 2021, as compared to that in first of Fiscal 2021.

Gross profit margin of bra pads and other molded products increased from 21.3% in Fiscal 2020 to 22.6% in Fiscal 2021, primarily due to resilient growth in molded parts of other moulded products with relatively higher margin.

Gross profit margin of functional sports products decreased from 18.7% in Fiscal 2020 to 17.3% in Fiscal 2021, primarily due to the reduced utilization and operating deleverage as a result of lower sales in the first half of Fiscal 2021, Such impact was partially offset by the gradual improvement of gross profit margin in second of Fiscal 2021, as compared to that in first of Fiscal 2021.

Gross profit margin of pandemic prevention products was 21.2%, reflecting a gross profit margin improvement in second half of Fiscal 2021 as compared to first half of Fiscal 2021, which was under ramp up stage.

Other income and other gains

Our other income consists primarily of government grants and scrap sales income. It decreased from approximately HK$65.9 million in Fiscal 2020 to approximately HK$48.1 million in Fiscal 2021, primarily attributable to decrease in government grants subsidies, which depend on the government grant policies and criteria during different time periods.

Distribution and selling expenses

Distribution and selling expenses primarily consist of freight and transportation expenses, employee benefit expenses for our sales personnel, travelling expenses, declaration charges, marketing and promotion expenses and others.

The Group's distribution and selling expenses as a percentage of sales decreased from 2.6% in Fiscal 2020 to 2.3% in Fiscal 2021, primarily due to streamlining of operation.

Distribution and selling expenses decreased from approximately HK$164.5 million in Fiscal 2020 to approximately HK$139.5 million in Fiscal 2021, primarily due to streamlining of operation and decrease in freight and transportation expenses as a result of decrease in revenue in the first half of Fiscal 2021.

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, office and administrative expenses, bank charges and others.

For Fiscal 2021 and Fiscal 2020, the Group's general and administrative expenses as a percentage of total revenue have remained relatively stable at 10.6% and 10.5% respectively.

General and administrative expenses decreased from approximately HK$664.5 million in Fiscal 2020 to approximately HK$630.9 million in Fiscal 2021, mainly due to decrease in employee benefit 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.

The Group's research and development costs have remained relatively stable in terms of absolute amount and percentage of total revenue respectively for both Fiscal 2020 and Fiscal 2021.

Other operating expenses

Facing the Pandemic and with an aim to achieve a better human resources and production capacity allocation between the PRC and Vietnam in the long run:

1) the Group decided to implement human resources restructuring to streamline its manpower deployment during the Period. As such, severance payment in compliance with applicable PRC and Vietnamese rules and regulations of approximately HK$40.1 million was distributed to approximately 506 staff; and

2) the Group surrendered parts of the leased factory in Shenzhen to better utilize its production capacity and improve operational efficiency, and the write-off of fixed assets of approximately HK$9.6 million was recognised during first half of Fiscal 2021.

Due to streamlining the production capacity and human resources, these two one-off restructuring costs totalling approximately HK$49.7 million were recognised during Fiscal 2021.

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 decreased from 2.6% in Fiscal 2020 to 2.1% in Fiscal 2021, primarily due to global trend of declining interest rate during Fiscal 2021.

Finance costs decreased from approximately HK$162.8 million in Fiscal 2020 to approximately HK$123.6 million in Fiscal 2021 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.

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**"). Certain PRC subsidiaries have 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% (2020: 20%). In accordance with the applicable tax regulations, preferential tax rates and tax holidays will be granted to new investment projects based on regulated encouraged sectors, encouraged locations, and size of the projects.

Regina Miracle International (Vietnam) Co., Ltd. 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, which is offered by the Vietnam Government and is stipulated in the subsidiary's investment license. The first year of this tax reduction period commenced in the financial year ended 31 March 2018.

Regina Miracle International Hung Yen Co., Ltd. is entitled to full exemption from corporate income tax for the first two 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 four years, which is offered by the Vietnam Government and is stipulated in the subsidiary's investment license. The first year of this tax reduction period will commence in the financial year ended 31 March 2022.

The Group's income tax expense was approximately HK$21.2 million in Fiscal 2021 (Fiscal 2020: HK$23.1 million). Excluding the positive effect of Super Deduction in the amount of approximately HK$21.2 million (Fiscal 2020: HK$22.2 million), income tax expense was approximately HK$42.4 million in Fiscal 2021 (Fiscal 2020: HK$45.3 million).

Net profit

As a result of the cumulative effect of the above factors, our net profit decreased from approximately HK$290.0 million in Fiscal 2020 to approximately HK$125.5 million in Fiscal 2021. Our net profit margin decreased from 4.6% in Fiscal 2020 to a net profit margin of 2.1% in Fiscal 2021.

Excluding the one-off restructuring costs (included in other operating expenses), our net profit was approximately HK$175.3 million in Fiscal 2021, with a net profit margin of 2.9%.

Liquidity, financial resources and bank borrowings

The Group's current ratios (calculated as current assets over current liabilities) were 1.4 times and 1.3 times as at 31 March 2021 and 31 March 2020, respectively.

Net debt (represented by bank borrowings less the cash and cash equivalents) was approximately HK$3,540.9 million (31 March 2020: HK$3,002.4 million). The increase of net debt was mainly due to increase in working capital and capital expenditure of our Vietnam factories. Net gearing ratio as at 31 March 2021 was 115.3% (30 September 2020: 118.8%; 31 March 2020: 102.9%), 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 2021 was 107.1% (30 September 2020: 109.0%; 31 March 2020: 93.2%).

Working capital management

	As at	
	31 March 2021 (days)	31 March 2020 (days)
Receivables turnover days	**55**	44
Payables turnover days	**31**	28

The receivables turnover days was for Fiscal 2021 was 55 days. The increase was mainly attributed to longer credit terms offered temporarily to certain brand partners, in responding to impacts brought by the Pandemic in the first half of Fiscal 2021. Most of the credit terms have resumed to normal level approaching end of Fiscal 2021. The payables turnover days for Fiscal 2021 was 31 days.

Capital expenditures

For Fiscal 2021, the total addition to property, plant and equipment, right-of-use assets and intangible assets amounted to approximately HK$604.8 million (Fiscal 2020: HK$1,084.6 million), which was mainly attributed to additions of production lines and construction of our Vietnam facilities to cope with the Group's overall business expansion.

Pledged assets

As at 31 March 2021 and 31 March 2020, insurance policy investments in the amount of approximately HK$66.7 million and HK$30.9 million respectively was pledged for financing related insurance premium.

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 2021, 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 2021, 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 2021, the Group employed a total of approximately 43,710 full-time staff (31 March 2020: 42,917). The total staff cost of the Group (including salaries, bonuses, social insurances, provident funds and share incentive schemes) amounted to approximately HK$2,323.3 million, representing 38.9% 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: OPTIMIZING LAYOUT AND EXPANDING CHANNELS TO FULLY CAPTURE OPPORTUNITIES ARISING FROM STRONG MARKET GROWTH

As vaccination rates rise, the Pandemic is expected to gradually be brought under control globally, boosting confidence in economic recovery. COVID-19 has had a profound impact on the industry, with the public's everyday lives and lifestyles having been completely transformed, with trends such as working from home, home exercising and shopping online becoming irreversible. On the other hand, China has become the leader in the recovery of the world economy, with domestic consumption upgrades gaining steam. Despite the Pandemic, Regina Miracle, with its multi-regional production capacity and strong IDM capabilities, was able to build closer and stronger partnerships with international brands. Management is confident that the challenges of the Pandemic are largely behind us and that the growth momentum will continue into Fiscal 2022, thus taking the Group's business to the next level.

In respect of products, the Group's core bra and intimate wear products saw a rapid rebound in orders; performing even better than in previous years, as brand partners adapted to the new normal of the late-Pandemic era. The growth momentum of sports products has remained strong, especially for sports bras. Since consumers have grown accustomed to life at home, the comfort-driven products have consequently enjoyed high take-up. However, once the Pandemic is kept under control and the working public returns to the work place, there will be greater demand for innovative products that offer both comfort and aesthetic. As regards the fabric processing and other accessories for consumer electronics segment, its satisfactory growth is set to continue in the coming year as it benefits from changing lifestyles arising from the late-Pandemic era. The Group will maintain efforts to bolster this high value-added business through innovation. With reference to the pandemic prevention products business, the Group began developing and producing functional and fashionable fabric face masks at the early stages of the Pandemic. Such efforts were in response to demand from the market and its partners, and which consequently enabled the Group's production capacity to be effectively utilized during the period. Nonetheless, the Group expects the demand for these products will significantly decrease with the rollout of vaccines that will help curb the effects of the Pandemic. In the meantime, as orders for bras and sports bras have resumed growth, the Group has readjusted its production lines to support development of these products, which constitute its core businesses. The Group is confident that the growth momentum will continue.

Another huge change brought by the Pandemic is the shift in sales channels, making e-commerce a key word for the future market. The Group will intensify its exploration and cooperation with emerging online brands and channels to prepare for future growth. Due to the need to simplify the size range of the bras as they are being purchased online so that consumers can conveniently pick a product that easily fits, comfortable loungewear-type products which tend to sell better online, and represents what Regina Miracle is particularly adept in, and therefore is able to quickly meet the needs of its brand partners.

In order to meet the strong order demand from its existing international brand partners, the Group will continue to improve the layout of its production capacity in Vietnam, including enhancing the efficiency and effectiveness of its factories at VSIP Hài Phòng and adding production lines in the existing factories to increase production capacity. The first phase of the facility in Hung Yen Province, Vietnam, which operates principally using seamless knitting technology, officially commenced operation in April 2021 and is expected to be able to meet the increasing business demand through the increase in production capacity.

The management also noted that one of the biggest changes brought by the Pandemic was the reshaping of the global market landscape, and it also recognized the importance of diversifying markets and revenue streams. As the first country to have effectively controlled the Pandemic and thus the first economy to have recovered from its impact, China is not only the locomotive of global economic growth, but also a key battleground for major brands. Due to the strong demand from existing international brand partners to develop their business in Mainland China and the emergence of the many fashion and e-commerce brands in the PRC, as well as growing demand based on the "Made in China" ethos in the PRC, the management is targeting the vast prospects within the Chinese market. This has included the development of new brand partners and new sales channels, such as e-commerce, in Mainland China over the past year. Capitalizing on its established reputation in the industry in terms of perseverance and achievement in product innovation and quality over the years, the Group has developed the domestic China business with impressive results, having built a solid foundation in less than a year. Going forward, the Group will further strengthen its business deployment in the PRC, including team building and production support.

In recent years, the Group's Shenzhen factory has faced constant difficulties in recruitment and rising costs. However, in line with the strategy of the Group's international brand partners regarding their vigorous development in China and its own recent business development in the PRC, the Group recognises the need to optimize its production layout in China. After careful examination, the Group is considering to relocate its production facilities and has set its eyes on the High-Tech Industrial Park in Zhaoqing New District, Guangdong Province in the Greater Bay Area, which is intended to satisfy the huge demand of innovative intimate wear and sportswear products, etc. from the Mainland Chinese market. The production base in Vietnam will continue to cater for the demands from outside the PRC for its international brand partners. Details planning for the development of the new facilities in Zhaoqing is underway and updates on its progress will be announced in due course.

Since the Pandemic, the Group greatly recognizes the importance of optimizing the internal risk control. It will therefore pursue more precise and prudent deployment of human resources, raw materials and operations. In the face of the rising trend of raw materials in the coming year, the Group will approximately expand its supply channels, optimize its production processes, further implement automation and enhance the effectiveness of its craftsmanship, etc. in order to maintain its profitability through a multi-pronged approach to the control of overall costs.

The management also understands that the volatility of the global novel coronavirus pandemic will introduce certain risks and uncertainties to the manufacturing supply chain. The Group must therefore actively devise contingencies to deal with such concerns. To facilitate greater agility production planning and ensure that the orders can be satisfied even if new lockdown measures are implemented due to the resurgence of the Pandemic in Vietnam or Shenzhen, the Group will proactively improve its production processes as well as implement digital upgrades to unlock and analyse end-to-end business process information, compress production cycles, improve product quality and enhance operational efficiency on the manufacturing side. Furthermore, it will seek to gain greater insights into business demand and expedite response to market needs on the management side, so as to ensure stable operations.

While the Pandemic has not yet subsided, Regina Miracle's determination to invest in resources to preserve our environment remains unchanged, especially in terms of strengthening energy management and carbon emission management in order to promote the long-term sustainable development of its business and that of the industry. In addition to continuing to deepen energy consumption control and carbon emission management measures in the PRC and Vietnam, the Group has installed solar panels at its Factory E in Hai Phong, Vietnam and plans to install solar panels at other factories in the region to enhance energy saving and emission reduction for better overall energy efficiency. On the product side, the management is aware of the trend of eco-friendly products and the potential for development as evidenced by the recent enthusiastic response from its brand partners. Regina Miracle is also committed to working with strategic suppliers to promote the development of eco-friendly raw materials in the industry, so as to develop and manufacture more products with eco-friendly concepts, which will not only enrich its product portfolio and create demand, but also contribute to environmental protection, is in line with the concept of sustainable development, and drive the sustainable development of the industry.

Regina Miracle has been progressing forward thanks to its strengths in innovation and shrewd business acumen. By working together with its brand partners, Regina Miracle has ridden out various economic cycles and challenges. Looking ahead, the Group is confident that it can maintain its strong growth momentum and continue to leverage its leading position in intimate wear and functional sports products to seize new market opportunities and create long-term value for its 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, enhancing the Company's value and bringing value to the shareholders. 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 2021.

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 2021, 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 2021.

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 2021 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 on 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 2021.

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 2021.

FINAL DIVIDEND AND SPECIAL DIVIDEND

The Board has resolved to propose a final dividend of HK3.3 cents per share and a special dividend of HK1.5 cents per share for the year ended 31 March 2021, representing a distribution of approximately 46.8% of the Group's net profit for the year ended 31 March 2021.

The proposed final dividend and special dividend payments are subject to approval by the shareholders of the Company at the forthcoming annual general meeting ("**AGM**") to be held on Monday, 13 September 2021. If approved by shareholders, the proposed final dividend and special dividend are expected to be paid on or about Tuesday, 5 October 2021 to shareholders whose names appear on the register of members of the Company on Thursday, 23 September 2021.

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, 7 September 2021 to Monday, 13 September 2021, 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, 6 September 2021.

(2) The final dividend and special dividend will be payable on or about Tuesday, 5 October 2021 to the shareholders whose names appear on the register of members of the Company on Thursday, 23 September 2021. For the purpose of ascertaining shareholders' entitlement for the final dividend and special dividend, the register of members of the Company will be closed from Monday, 20 September 2021 to Thursday, 23 September 2021, both days inclusive. To qualify for the final dividend and special 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, 17 September 2021.

ANNUAL GENERAL MEETING

The AGM will be held on Monday, 13 September 2021. 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 2020/21 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 2021.

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

Hong Kong, 30 June 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.