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 2022 AND PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

FINANCIAL HIGHLIGHTS

	Year ended 31 March				
	2022		**2021**		**Change**
	HK$'000	*%*	*HK$'000*	*%*	
Revenue	8,346,728	100.0	5,974,290	100.0	39.7%
Gross profit	2,045,440	24.5	1,237,953	20.7	65.2%
Profit attributable to owners of the Company	520,694	6.2	125,515	2.1	314.8%
Earnings before interest, taxes, depreciation and amortisation ("**EBITDA**")#	1,333,812	16.0	820,593	13.7	62.5%
Profit attributable to owners of the Company (excluded restructuring costs)#	581,779	7.0	175,253	2.9	232.0%
Earnings before interest, taxes, depreciation and amortisation (excluded restructuring costs)#	1,394,897	16.7	870,331	14.6	60.3%
	HK cents		*HK cents*		
Earnings per share – basic and diluted	42.5		10.3		
Dividend per share	14.0		4.8		
– *Interim dividend*	6.8		–		
– *Proposed final dividend*	7.2		3.3		
– *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 2022 ("**Fiscal 2022**"), together with the comparative figures for the corresponding year in 2021 ("**Fiscal 2021**"), as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2022

	Note	**2022** *HK$'000*	2021 *HK$'000*
Revenue	*3*	**8,346,728**	5,974,290
Cost of sales	*5*	**(6,301,288)**	(4,736,337)
Gross profit		**2,045,440**	1,237,953
Other income	*4*	**25,861**	48,065
Distribution and selling expenses	*5*	**(180,767)**	(139,494)
General and administrative expenses	*5*	**(817,699)**	(630,903)
Research and development costs	*5*	**(253,003)**	(199,968)
Other operating expenses	*5*	**(61,085)**	(49,738)
Operating profit		**758,747**	265,915
Finance income	*6*	**1,767**	1,826
Finance costs	*6*	**(149,135)**	(123,556)
Finance costs, net		**(147,368)**	(121,730)
Share of net profit of an associate accounted for using the equity method		**6,141**	2,515
Profit before income tax		**617,520**	146,700
Income tax expenses	*7*	**(96,826)**	(21,185)
Profit for the year attributable to owners of the Company		**520,694**	125,515
Earnings per share for profit attributable to owners of the Company (expressed in HK cents per share)			
– Basic and diluted	*8*	**42.5**	10.3

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2022

	2022	2021
	HK$'000	*HK$'000*
Profit for the year	**520,694**	125,515
Other comprehensive income/(loss):		
Items that have been reclassified or may be subsequently reclassified to profit or loss		
Currency translation differences	**188,149**	66,633
Exchange reserve released upon disposal of subsidiaries	**(649)**	–
Fair value (loss)/gain on insurance policy investments	**(139)**	8,377
Fair value change on trade receivables carried at fair value through other comprehensive income ("**FVOCI**")	**(19,484)**	(16,506)
Reclassification of trade receivables at FVOCI reserve to factoring interests and charges upon disposals	**19,344**	17,311
Other comprehensive income for the year, net of tax	**187,221**	75,815
Total comprehensive income attributable to owners of the Company	**707,915**	201,330

CONSOLIDATED BALANCE SHEET
As at 31 March 2022

	Note	2022 HK$'000	2021 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**4,537,707**	4,674,481
Right-of-use assets		**481,586**	463,105
Intangible assets		**37,459**	43,663
Insurance policy investments		**201,935**	190,359
Investment in an associate		**14,406**	11,715
Deposits and prepayments		**348,443**	111,255
Deferred income tax assets		**39,260**	17,296
		5,660,796	5,511,874
Current assets			
Inventories		**1,568,661**	1,245,629
Trade receivables	*10*	**1,146,208**	1,093,022
Deposits, prepayments and other receivables		**42,765**	48,115
Tax recoverable		**3,312**	3,510
Restricted bank deposits		**3,000**	6,906
Cash and cash equivalents		**995,030**	827,980
		3,758,976	3,225,162
Total assets		**9,419,772**	8,737,036
EQUITY			
Equity attributable to owners of the Company			
Share capital		**95,247**	95,247
Reserves		**3,541,010**	2,975,108
Total equity		**3,636,257**	3,070,355

	Note	2022 HK$'000	2021 HK$'000
LIABILITIES			
Non-current liabilities			
Borrowings		**3,401,989**	3,192,407
Other payables		**25,447**	24,155
Lease liabilities		**86,265**	78,165
Deferred income tax liabilities		**30,257**	22,162
		3,543,958	3,316,889
Current liabilities			
Trade payables	*11*	**536,270**	424,758
Accruals and other payables		**683,988**	671,267
Lease liabilities		**60,740**	68,598
Borrowings		**862,071**	1,176,484
Current income tax liabilities		**96,488**	8,685
		2,239,557	2,349,792
Total liabilities		**5,783,515**	5,666,681
Total equity and liabilities		**9,419,772**	8,737,036

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 intimate wear, sports products, consumer electronics components, bra pads and moulded products, footwear and fabric masks.

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 value.

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 involve a higher degree of judgement or complexity or areas when assumptions and estimates are significant to the consolidated financial statements.

(a) Amended standards adopted by the Group

The Group has applied the following amended standards for the first time for their annual reporting period commencing 1 April 2021:

HKFRS 16 (Amendment)	Covid-19-Related Rent Concessions beyond 30 June 2021
HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phase 2

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

The following new and amended standards, improvements, interpretation and accounting guideline have been issued that are not mandatory for financial year ended 31 March 2022 and have not been early adopted by the Group:

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
HKFRS 17	Insurance Contracts	1 April 2023
HKFRS 17 (Amendment)	Amendments to HKFRS17	1 April 2023
HKAS 1 (Amendment)	Classification of Liabilities as Current or Non-current	1 April 2023
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	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	1 April 2023
HKAS 8 (Amendment)	Definition of Accounting Estimates	1 April 2023
HKAS 12 (Amendment)	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction	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

Management has determined the operating segments based on the information reviewed by the chief operating decision-maker ("**CODM**") that are used to make strategic decisions. The CODM is identified as the Executive Directors of the Company.

The CODM reviews the performance of the Group on a regular basis and reviews the Group's internal reporting in order to assess performance and allocate resources. The CODM assesses the performance of the operating segments based on a measure of segment results, including gross profit of the operating segments. Information relating to segment assets and liabilities is not disclosed as such information is not regularly reported to the CODM. Other information provided to the CODM is measured in a manner consistent with that as adopted for the condensed consolidated financial statement, contained herein.

Since 1 April 2021, the CODM assessed the performance of the Group by reviewing the results of six reportable segments, namely intimate wear, sports products, consumer electronics components, bra pads and moulded products, footwear, and fabric masks. This is different from the segment composition in the year ended 31 March 2021. Such a change is to align with the updated internal management and reporting structure. The outbreak of the coronavirus disease 2019 has increased awareness of sports and the growing popularity of the "work from home" model, resulting in continuous and resilient growth for consumer electronics components and footwear.

From 1 April 2021, the CODM reviews the Group's financial performance and allocates resources for two additional reportable segments, for which the consumer electronics components and footwear have been separated out from the reportable segments identified in previous financial year. The segment information of the comparative period has been restated to conform to the current period categorisation and presentation.

(i) Intimate wear – manufacturing and trading of bras, bra tops, panties, shapewear and swimwear.

(ii) Sports products – manufacturing and trading of sports bras, sports leggings, sports shorts and sports tops.

(iii) Consumer electronics components – production and trading of virtual reality (VR) headsets, keyboards, laptops and tablet PC accessories.

(iv) Bra pads and moulded products – manufacturing and trading of bra pads and other moulded products for further processing.

(v) Footwear – manufacturing and trading of shoes.

(vi) Fabric masks – development, manufacturing, and trading of fabric sports masks.

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 segment results for the year ended 31 March 2022 are as follows:

	Year ended 31 March 2022						
	Intimate wear *HK$'000*	Sports products *HK$'000*	Consumer electronics components *HK$'000*	Bra pads and moulded products *HK$'000*	Footwear *HK$'000*	Fabric masks *HK$'000*	Total *HK$'000*
Total segment revenue (Recognised at a point in time)	**4,715,950**	**2,190,683**	**496,162**	**416,855**	**363,001**	**164,077**	**8,346,728**
Gross profit/segment results	**1,189,190**	**513,923**	**125,033**	**97,866**	**83,316**	**36,112**	**2,045,440**
Other income							**25,861**
Distribution and selling expenses							**(180,767)**
General and administrative expenses							**(817,699)**
Research and development costs							**(253,003)**
Other operating expenses							**(61,085)**
Finance income							**1,767**
Finance costs							**(149,135)**
Share of net profit of an associate accounted for using equity method							**6,141**
Profit before income tax							**617,520**
Income tax expenses							**(96,826)**
Profit for the period							**520,694**

Other segment item included in the consolidated income statement for the year ended 31 March 2022 is as follows:

	Year ended 31 March 2022						
	Intimate wear *HK$'000* (Unaudited)	Sports products *HK$'000* (Unaudited)	Consumer electronics components *HK$'000* (Unaudited)	Bra pads and moulded products *HK$'000* (Unaudited)	Footwear *HK$'000* (Unaudited)	Fabric masks *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Depreciation for property, plant and equipment and right-of-use assets included in cost of sales	**206,307**	**97,798**	**38,181**	**28,390**	**16,604**	**7,865**	**395,145**

Depreciation for property, plant and equipment and right-of-use assets of HK$395,145,000 has been charged in "cost of sales", HK$142,374,000 has been charged in "general and administrative expenses" and HK$21,477,000 has been charged in "research and development expenses" respectively.

The segment results for the year ended 31 March 2021 are as follows:

	Year ended 31 March 2021 (As restated)						
	Intimate wear *HK$'000*	Sports products *HK$'000*	Consumer electronics components *HK$'000*	Bra pads and moulded products *HK$'000*	Footwear *HK$'000*	Fabric masks *HK$'000*	Total *HK$'000*
Total segment revenue (Recognised at a point in time)	2,886,006	1,596,354	291,392	264,379	286,543	649,616	5,974,290
Gross profit/segment results	612,602	298,885	69,664	58,651	60,747	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 expenses							(21,185)
Profit for the period							125,515

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

	Year ended 31 March 2021 (As restated)						
	Intimate wear *HK$'000* (Unaudited)	Sports products *HK$'000* (Unaudited)	Consumer electronics components *HK$'000* (Unaudited)	Bra pads and moulded products *HK$'000* (Unaudited)	Footwear *HK$'000* (Unaudited)	Fabric masks *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Depreciation for property, plant and equipment and right-of-use assets included in cost of sales	167,549	92,637	34,403	24,929	30,548	39,927	389,903

During the year ended 31 March 2021, depreciation for property, plant and equipment and right-of-use assets of HK$389,903,000 has been charged in "cost of sales", HK$134,992,000 has been charged in "general and administrative expenses" and HK$17,381,000 has been charged in "research and development expenses" respectively.

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

	2022	2021
	HK$'000	*HK$'000*
United States	**4,324,706**	2,753,532
The People's Republic of China ("**The PRC**")	**1,354,181**	979,214
Europe	**980,709**	737,399
Japan	**493,467**	573,585
South-east Asia *(Note a)*	**267,801**	280,382
South Asia *(Note b)*	**138,528**	47,461
Hong Kong	**184,442**	167,685
Korea	**90,687**	90,307
Other countries/regions *(Note c)*	**512,207**	344,725
	8,346,728	5,974,290

Note a: Includes Malaysia, Indonesia, Singapore, Philippines, Vietnam and Thailand.

Note b: Includes Bangladesh, Sri Lanka and India.

Note c: Includes Canada, Taiwan, Australia 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:

	2022	2021
	HK$'000	*HK$'000*
The PRC	**980,850**	822,463
Hong Kong	**59,473**	60,050
Vietnam	**4,369,826**	4,416,360
	5,410,149	5,298,873

4 OTHER INCOME

	2022	2021
	HK$'000	*HK$'000*
Scrap sales income	**13,568**	9,703
Government grants *(Note)*	**9,366**	35,131
Others	**2,927**	3,231
	25,861	48,065

Note:

The government grants obtained mainly represent technical innovation subsidies from the PRC Government. There are no unfulfilled conditions or other contingencies attaching to these grants.

5 EXPENSES BY NATURE

	2022	2021
	HK$'000	*HK$'000*
Amortisation of intangible assets	**9,928**	9,887
Depreciation of property, plant and equipment	**484,782**	446,881
Depreciation of right-of-use assets	**74,214**	95,395
Cost of inventories sold	**3,050,049**	2,140,905
Loss allowance of trade receivables	**3,005**	721
Employee benefit expenses	**2,895,092**	2,323,279
Restructuring costs *(Note)*	**61,085**	49,738

Note:

The restructuring costs primarily include write-off of fixed assets of approximately HK$61,085,000 (2021: HK$9,640,000) and termination benefits of HK$Nil (2021: HK$40,098,000) paid to employees and as a result of the reallocation of production capacity and human resources between the PRC and Vietnam for the year ended 31 March 2022 and are included in "other operating expenses" in the consolidated income statement.

6 FINANCE COSTS, NET

	2022	2021
	HK$'000	*HK$'000*
Finance income		
– interest income on bank deposits	**1,643**	1,761
– other interest income	**124**	65
	1,767	1,826
Finance costs		
– interest expense on bank borrowings	**(122,970)**	(100,393)
– factoring interests and charges	**(19,344)**	(17,311)
– interest expense on lease liabilities	**(6,538)**	(8,282)
– unwinding interest	**(283)**	(289)
	(149,135)	(126,275)
Less: interest expenses capitalised on qualifying assets *(Note)*	**–**	2,719
	(149,135)	(123,556)
Finance costs, net	**(147,368)**	(121,730)

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. For the year ended 31 March 2021, the capitalisation rate was 2.1% per annum. For the year ended 31 March 2022, no interest expense has been capitalised.

7 INCOME TAX EXPENSES

For the years ended 31 March 2021 and 2022, 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% (2021: 25%) for the year ended 31 March 2022.

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% (2021: 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 financial year ended 31 March 2018 was the first year of the full exemption period. Starting from the current year ended 31 March 2022, Regina Miracle International (Vietnam) Co., Ltd will be paying the corporate income tax at a 5% reduced rate (with a 50% reduction to its original 10% rate).

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 current financial year ended 31 March 2022 is the first year of the full exemption period.

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

	2022	2021
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong profits tax	**91,947**	5,138
– PRC enterprise income tax	**13,561**	11,531
– Overseas income tax	**4,860**	–
Over-provision in prior years	**(107)**	(3,272)
Deferred income tax	**(13,435)**	7,788
Income tax expenses	**96,826**	21,185

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.

	2022	2021
Profit attributable to owners of the Company (HK$'000)	**520,694**	125,515
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)	**42.5**	10.3

(b) Diluted

Diluted earnings per share for the years ended 31 March 2022 and 2021 are the same as the basic earnings per share as there were no potentially dilutive ordinary shares issued.

9 DIVIDENDS

(a) Dividends recognized during the reporting period

	2022 ***HK$'000***	2021 *HK$'000*
Special dividend, paid of HK1.5 cents of per ordinary share for the year ended 31 March 2021 (For the year ended 31 March 2020: Nil)	**18,364**	–
Interim dividend, paid of HK6.8 cents per ordinary share for the period ended 30 September 2021 (For the period ended 30 September 2020: Nil)	**83,249**	–
Final dividend, paid of HK3.3 cents per ordinary share for the year ended 31 March 2021 (For the year ended 31 March 2020: HK4.0 cents)	**40,400**	48,970
	142,013	48,970

(b) Dividends not yet recognized during the reporting period

At a meeting held on 29 June 2022, a final dividend of HK7.2 cents per ordinary share of the Company, totalling approximately HK$88,146,000 (2021: a final dividend totaling approximately HK$40,400,000 and special dividend totaling approximately HK$18,364,000) for the year ended 31 March 2022 are proposed. These consolidated financial statements do not reflect these dividend payables.

10 TRADE RECEIVABLES

	2022	2021
	HK$'000	*HK$'000*
Trade receivables		
– carried at amortised cost	**901,826**	849,577
– carried at FVOCI	**257,731**	253,789
	1,159,557	1,103,366
Less: loss allowance of trade receivables	**(13,349)**	(10,344)
	1,146,208	1,093,022

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:

	2022	2021
	HK$'000	*HK$'000*
0–30 days	**570,670**	547,475
31–60 days	**228,956**	207,115
61–90 days	**174,250**	209,278
Over 90 days	**185,681**	139,498
	1,159,557	1,103,366

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 2022, included in the Group's trade receivables were amounts due from related parties of approximately HK$5,175,000 (2021: HK$8,272,000).

11 TRADE PAYABLES

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

	2022	2021
	HK$'000	*HK$'000*
0–30 days	**362,038**	208,148
31–60 days	**115,868**	157,668
61–90 days	**42,892**	39,950
Over 90 days	**15,472**	18,992
	536,270	424,758

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

During the year under review, coronavirus disease 2019 ("**COVID-19**" or the "**Pandemic**") was not fully contained around the world, but its impact on global economic sentiment is gradually decreasing. With the relaxation of pandemic prevention measures, the retail markets in Europe and the United States are getting back on track, with overall recovery progressing better than expected, including a particularly strong rebound in order book of traditional intimate wear products, which were harder hit last year. As for the Chinese market, new consumption trends born out of the Pandemic, such as online shopping and a sports craze, are still prevalent. The overall market landscape is undergoing adjustment and at a stage of rapid growth, making China increasingly important as one of the key strategic markets for retailers.

The Pandemic has lingered for more than two years, during which the entire industry has faced various unanticipated macro-environmental challenges, such as strained supply chains, surging raw material prices, fluctuating freight costs and cyclical changes. Such challenges, however, have been a watershed in the polarization of industry competition. With the competitive industry edges that the Group has gained, including its world-leading innovative design manufacturing ("**IDM**") capabilities, the optimized strategic layout of its production capacity in China and Vietnam and highly viscous relationships with top brand partners at home and abroad, the Group has been able to flexibly respond to the ever-changing product trends and increasing order demands. These competitive edges have been particularly evident in the consolidation of the industry and are key factors in the successful acceleration of Regina Miracle's growth momentum, even in such a challenging market environment.

During the year, Regina Miracle was pleased to see the business of its long-term brand partners returning to normal with sustainable order book growth. Consumer demand for comfort-based wear rose during the Pandemic, and sales of innovative intimate wear, sports products and consumer electronics components remained strong, with sales of sports bras and consumer electronics components, in particular, showing considerable growth during the year.

Thanks to a golden era of development for various business segments, the Group's annual revenue hit a historic high and grew at a pace in line with its five-year plan. The Group believes that it will continue to achieve healthy growth by building on its existing foundation. In addition to the international markets that the Group has cultivated for years, the domestic market, which has huge growth potential, will also be an important arena for the Group's future development, where the Group continued to strengthen its cooperation with existing domestic brand partners during the year. In order to grasp the growth opportunities in the domestic market more comprehensively and precisely, in January 2022, the Group announced that it had established a joint venture ("**VS China**") with Victoria's Secret & Co. ("**Victoria's Secret**") to operate Victoria's Secret brand stores and online businesses in China. The transaction was completed on 6 April 2022.

Pursuant to the terms of the agreement, Regina Miracle holds 49% of the equity interests and Victoria's Secret holds the remaining 51% of the equity interests in the joint venture. The joint venture will integrate the strengths of both parties, i.e. Regina Miracle's world-leading IDM capabilities and its deep insights of the PRC market and consumers, together with Victoria's Secret's unparalleled brand leadership and strong sales and marketing network, creating synergies for their expansion in the PRC market and empowering the Group to make a strategic move for its long-term growth in the PRC.

Since its listing, the Group has strived to improve the deployment of its production capacity layout and production efficiency to support the pace of order growth, while realizing the strategic layout for China and Vietnam, aptly focusing on domestic demand and exports, respectively. At present, the Group has completed its factory layout in Vietnam. The production capacity layout will now move from the investment stage to the efficiency enhancement stage, strengthening its efforts in automation and digitalization. Against the backdrop of strained global production capacity, Regina Miracle's flexible and large-scale production capacity layout is a significant advantage. In order to support international brand partners in pushing forward with their strategies to develop the PRC market, and as part of its own key layout for business development in Mainland China, the Group will relocate its production base in Shenzhen to the High-Tech Industrial Park in Zhaoqing New District in the Greater Bay Area, with a view to satisfy the keen demand for innovative intimate wear, sportswear and consumer electronics products in the PRC market with a more efficient, automated and digital production system. The domestic production base is expected to be relocated to Zhaoqing New District in phases from mid-2023 onwards, with the relocation expected to be completed by the end of 2024.

BUSINESS REVIEW

Financial Performance

During the year, even though the impact of the Pandemic continued to linger and the macroeconomic environment remained volatile, the Group's revenue hit a historic high of approximately HK$8,346.7 million (Fiscal 2021: HK$5,974.3 million), representing a year-on-year increase of 39.7%, in line with the expected progress of the Group's five-year plan. Gross profit grew correspondingly by 65.2% to approximately HK$2,045.4 million, with the gross profit margin up by 3.8 percentage points to 24.5% (Fiscal 2021: HK$1,238.0 million and 20.7%, respectively). As the satisfactory revenue growth and effective cost control measures resulted in enhanced operating leverage, earnings before interest, taxes, depreciation and amortization (EBITDA) increased by 62.5% to approximately HK$1,333.8 million, with the EBITDA margin up by 2.3 percentage points to 16.0% (Fiscal 2021: HK$820.6 million and 13.7%, respectively). The Group recorded a net profit of approximately HK$520.7 million for the year, representing a year-on-year increase of 314.8%, with the net profit margin up by 4.1 percentage points to 6.2% (Fiscal 2021: HK$125.5 million and 2.1%, respectively). Basic earnings per share attributable to owners of the Company were HK42.5 cents (Fiscal 2021: basic earnings per share of HK10.3 cents). Excluding the one-off expense item arising from the surrender of parts of the leased factory in Shenzhen during the year, net profit was approximately HK$581.8 million with a net profit margin of 7.0%.

The Group is in a healthy financial position, with cash and cash equivalents increasing to approximately HK$995.0 million during the year (Fiscal 2021: HK$828.0 million). It has undrawn banking facilities of approximately HK$2,371.0 million in total as at 31 March 2022 (31 March 2021: HK$2,391.0 million).

In order to share the fruitful results with shareholders, the Board has resolved to declare a final dividend of HK7.2 cents per share for Fiscal 2022 (Fiscal 2021: HK3.3 cents per share), together with the interim dividend of HK6.8 cents per share, making a total dividend of HK14.0 cents, in line with the Group's dividend policy of distributing no less than 30% of its net profit for the financial year. The proposed final dividend is subject to the approval of the Company's shareholders at the annual general meeting to be held on Friday, 16 September 2022. The final dividend is expected to be paid on or around Thursday, 6 October 2022 to shareholders whose names appear on the register of members of the Company on Monday, 26 September 2022.

Over the past few years, the Group has continued to launch new products through craftsmanship innovation alongside automated production equipment development, as well as expanding its product ranges across industries and product categories to form a diversified product matrix. To provide a clearer picture of the performance of its different business segments, the Group has regrouped its business into the following six major segments with effect from the current financial year.

Intimate wear

Intimate wear products include bras, bra tops, panties, shapewear and swimwear.

During the year, this segment contributed approximately HK$4,716.0 million in revenue (Fiscal 2021: HK$2,886.0 million), a year-on-year surge of 63.4%, accounting for 56.5% of the Group's total revenue, and remained the main source of revenue for the Group. The segment's gross profit grew by 94.1% to approximately HK$1,189.2 million, with the gross profit margin up by 4.0 percentage points to 25.2% (Fiscal 2021: HK$612.6 million and 21.2%, respectively).

As a result of the better-than-anticipated recovery of the European and U.S. markets during the year, and the strong rebound in orders from the Group's largest U.S. partner, the segment revenue hit a record high, with orders for traditional intimate wear rebounding and surpassing pre-Pandemic levels. Drawing on its industry-leading R&D capabilities and innovative craftsmanship, Regina Miracle was able to fully capture the opportunities arising from the easing of the Pandemic, and to work with its major brand partners to seize market opportunities whenever and wherever they arose through flexible production capabilities. In addition, the Group added a number of new emerging PRC e-commerce brands during the year, making its brand partner portfolio more diversified and paving the way for future business growth.

Sports products

Sports products include sports bras, sports leggings, sports shorts and sports tops.

This business segment contributed approximately HK$2,190.7 million in revenue during the year (Fiscal 2021: HK$1,596.4 million), a 37.2% year-on-year increase, accounting for 26.3% of total revenue. Segmental gross profit was approximately HK$513.9 million and the gross profit margin was 23.5% (Fiscal 2021: HK$298.9 million and 18.7%, respectively).

As the Pandemic eased and the sports craze continued, related products maintained a strong performance, with the order momentum for sport bras from international brand partners being especially strong and thus serving as the main growth driver of this business segment. During the year, the sports leggings product category also showed great momentum through an enriched brand partner portfolio and represented a promising incremental growth point to the sports products segment.

Consumer electronics components

Consumer electronics components encompass virtual reality (VR) headsets, keyboards, laptops and tablet PC accessories.

Revenue from this business segment amounted to approximately HK$496.2 million (Fiscal 2021: HK$291.4 million), representing a significant year-on-year increase of 70.3% and accounting for 5.9% of the Group's total revenue. The segment's gross profit increased by 79.5% to approximately HK$125.0 million, with the gross profit margin up by 1.3 percentage points to 25.2% (Fiscal 2021: HK$69.7 million and 23.9%, respectively).

The demand for consumer home electronics continued to rise amid the Pandemic during the year, and with the rapid emergence of the "Metaverse" concept, demand for 5G and related products grew considerably and continuously during the year. As consumer electronics are high value-added products and there is ample room for market development, the segment will continue to generate a new growth impetus for the Group in the future.

Bra pads and moulded products

Bra pads and moulded products mainly include bra pads and other moulded products.

Revenue from this business segment amounted to approximately HK$416.9 million (Fiscal 2021: HK$264.4 million), representing a significant year-on-year growth of 57.7% and accounting for 5.0% of the Group's total revenue. Gross profit of the segment increased by 66.9% to approximately HK$97.9 million, with the gross profit margin up by 1.3 percentage points to 23.5% (Fiscal 2021: HK$58.7 million and 22.2%, respectively). The segment's revenue growth primarily stemmed from the increasing demand for traditional intimate wear products.

Footwear

Footwear mainly refers to shoes.

Revenue from this business segment amounted to approximately HK$363.0 million (Fiscal 2021: HK$286.5 million), representing a year-on-year increase of 26.7% and accounting for 4.3% of the Group's total revenue. The revenue increase was attributable to a single U.S. casual footwear brand partner maintaining solid sales growth. Gross profit of the segment grew by 37.2% to approximately HK$83.3 million, while the gross profit margin was up by 1.8 percentage points to 23.0% (Fiscal 2021: HK$60.7 million and 21.2%, respectively), mainly benefited from the gradual improvement in production efficiency during the year under review following the shift of footwear production to Vietnam.

Fabric masks

Fabric masks are mainly fabric sports masks.

This segment contributed revenue of approximately HK$164.1 million (Fiscal 2021: HK$649.6 million), representing a decrease of 74.7% against the previous year and accounting for 2.0% of the Group's total revenue.

With the Pandemic coming under control and the subsequent relaxation of pandemic prevention measures in countries around the world, the revenue of the fabric mask segment declined as anticipated. As the Group mainly produces fabric sports masks and its major partners are renowned sports brands, leveraging the Group's unique craftsmanship and technology, it developed and manufactured masks for a well-known international sports brand partner themed specifically for the Tokyo Olympics during the year, which resulted in a strong market response.

Production capacity

As an important production base of Regina Miracle, Vietnam provides a solid foundation to support the continuous growth of the Group's export business. As of 31 March 2022, the revenue from production in Vietnam rose to 80% of the total revenue of the Group. During the year, the Group completed its factory layout at the Vietnam Singapore Industrial Park in Hài Phòng City ("**VSIP Hài Phòng**"), Vietnam. It is worth mentioning that the Group's recruitment and staff stability in the region have been satisfactory, enabling the Group to benefit to the maximum extent from the increasing proportion of mature employees, long service of employees and the master-apprentice model, ensuring that the production capacity and efficiency of each factory will increase year on year. To meet the robust demand of domestic and overseas brand partners as the market resumes, it will be the Group's top priority to continuously enhance the efficiency and effectiveness of its five factories in the Park. Through the increase of production lines and further implementation of automation and digitalization, the overall production capacity of the factories will be further increased. Among which, the current operation and labor efficiency as well as the single factory gross margin of the three factories which were first put into operation in Vietnam, after four to six years of integration, have outperformed the three factories which were put into operation subsequently. According to the rigorous technological authentication conducted by the Company, there is still room for continuous growth and optimization of these factories. Meanwhile, leveraging the actual operational experience of the first three factories in Vietnam, the Group will accelerate the production efficiency of the other factories in Vietnam so as to enhance the consolidated gross margin. The first phase of the facility in Hung Yen Province, Vietnam, which mainly applies seamless knitting technology, officially commenced operation in April 2021 and active recruitment is still in progress. As of the end of March 2022, the total number of employees at the factory was approximately 2,100, where the planned maximum number of employees will be 4,500.

As for domestically in China, to enhance operational efficiency and optimize its cost structure, the Group surrendered parts of the leased factory in Shenzhen and made a write-off of fixed assets of approximately HK$61.1 million during the year. The aforementioned relocation of the Shenzhen production base to Zhaoqing will further help the Group achieve an optimized production capacity allocation in the long run. At the end of the year, the Group had a total of approximately 39,000 employees in Vietnam and approximately 6,200 employees at the Shenzhen factory in the PRC, which serves as the research and development ("**R&D**") center and production base.

The vaccination rates of eligible employees at the Group's production bases in Shenzhen and Hài Phòng reached approximately 95% and 90%, respectively, which, to a large extent, protected the health of employees and the safety of the working environment, and maintained stable production operations. From the end of 2021 to the beginning of 2022, there were temporary closures and lockdown measures implemented in Shenzhen and Vietnam respectively due to the resurgence of the Pandemic. Thanks to the rapid response of the Shenzhen and Vietnam governments, the Pandemic was soon brought under control. The flexible deployment of human resources by its local managerial team also enabled the Group to minimize the impact of the Pandemic on its production capacity and avoided compromising its ability to fully capture the strong order demand from international and domestic brand partners.

THE GROUP'S OPERATING RESULTS

Revenue

We derive our revenue primarily from direct sales of our products. Our total revenue increased by 39.7% from approximately HK$5,974.3 million in Fiscal 2021 to approximately HK$8,346.7 million in Fiscal 2022. A comparison of the Group's revenue for Fiscal 2022 and Fiscal 2021 by product categories is as follows:

	For the year ended 31 March					
	2022		2021		Change	
	HK$'000	***% of Revenue***	*HK$'000*	*% of Revenue*	*HK$'000*	*%*
Intimate wear	**4,715,950**	**56.5**	2,886,006	48.3	1,829,944	63.4
Sports products	**2,190,683**	**26.3**	1,596,354	26.7	594,329	37.2
Consumer electronics components	**496,162**	**5.9**	291,392	4.9	204,770	70.3
Bra pads and moulded products	**416,855**	**5.0**	264,379	4.4	152,476	57.7
Footwear	**363,001**	**4.3**	286,543	4.8	76,458	26.7
Fabric masks	**164,077**	**2.0**	649,616	10.9	(485,539)	(74.7)
	8,346,728	**100.0**	5,974,290	100.0	2,372,438	39.7

Revenue generated from sales of intimate wear, sports products and bra pads and moulded products increased by 63.4%, 37.2% and 57.7% respectively from Fiscal 2021 to Fiscal 2022. The increase was primarily due to rapid rebound in orders, as brand partners adapted to the new normal of the late-Pandemic era.

Revenue generated from sales of consumer electronics components increased by HK$204.8 million, or 70.3%, from approximately HK$291.4 million in Fiscal 2021 to approximately HK$496.2 million in Fiscal 2022. The increase was primarily due to strong demand for the entertaining consumer electronic products.

Revenue generated from sales of footwear increased by HK$76.5 million, or 26.7%, from approximately HK$286.5 million in Fiscal 2021 to approximately HK$363.0 million in Fiscal 2022. The increase was primarily due to the increase in demand from our casual footwear brand partner.

Revenue generated from sales of fabric masks decreased by HK$485.5 million, primary due to the decrease in demand for these products with the rollout of vaccines that helps curb the effects of the Pandemic.

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					
	2022		2021		Change	
	HK$'000	***% of Revenue***	*HK$'000*	*% of Revenue*	*HK$'000*	*%*
Costs of raw materials	**3,050,049**	**36.5**	2,140,905	35.9	909,144	42.5
Employee benefit expenses	**2,264,780**	**27.1**	1,812,967	30.3	451,813	24.9
Depreciation	**395,145**	**4.8**	389,903	6.5	5,242	1.3
Others	**591,314**	**7.1**	392,562	6.6	198,752	50.6
	6,301,288	**75.5**	4,736,337	79.3	1,564,952	33.0

Cost of sales as a percentage of total revenue decreased from 79.3% in Fiscal 2021 to 75.5% in Fiscal 2022. This was primarily attributable to improvement in production efficiency and remarkable increase in revenue leading to economy of scale.

Cost of sales increased from approximately HK$4,736.3 million in Fiscal 2021 to approximately HK$6,301.3 million in Fiscal 2022 primarily due to increase in costs of raw materials and employee benefit expenses as a result of the increase in revenue.

Gross profit and gross profit margin

	For the year ended 31 March					
	2022		2021			
	Gross Profit	**Gross Profit margin**	Gross Profit	Gross Profit margin	Change	
	HK$'000	**%**	*HK$'000*	%	*HK$'000*	%
Intimate wear	**1,189,190**	**25.2**	612,602	21.2	576,588	94.1
Sports products	**513,923**	**23.5**	298,885	18.7	215,038	71.9
Consumer electronics components	**125,033**	**25.2**	69,664	23.9	55,369	79.5
Bra pads and moulded products	**97,866**	**23.5**	58,651	22.2	39,215	66.9
Footwear	**83,316**	**23.0**	60,747	21.2	22,569	37.2
Fabric masks	**36,112**	**22.0**	137,404	21.2	(101,292)	(73.7)
Gross profit	**2,045,440**	**24.5**	1,237,953	20.7	807,487	65.2

Our overall gross profit increased from approximately HK$1,238.0 million in Fiscal 2021 to approximately HK$2,045.4 million in Fiscal 2022. The gross profit margin in Fiscal 2022 increased by 3.8 percentage points to 24.5%, as compared to 20.7% in Fiscal 2021.

Such increase was mainly due to improvement in production efficiency and remarkable increase in revenue leading to economies of scale.

Other income

Our other income consists primarily of government grants and scrap sales income. It decreased from approximately HK$48.1 million in Fiscal 2021 to approximately HK$25.9 million in Fiscal 2022, 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.

For Fiscal 2022 and Fiscal 2021, the Group's distribution and selling expenses as a percentage of total revenue remained relatively stable at 2.2% and 2.3% respectively.

Distribution and selling expenses increased from approximately HK$139.5 million in Fiscal 2021 to approximately HK$180.8 million in Fiscal 2022, primarily due to the increase in freight and transportation expenses as a result of the increase in revenue.

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.

General and administrative expenses as a percentage of total revenue decreased from 10.6% in Fiscal 2021 to 9.8% in Fiscal 2022, mainly due to the Group's streaming of operation and operating leverage as a result of increase in revenue.

General and administrative expenses increased from approximately HK$630.9 million in Fiscal 2021 to approximately HK$817.7 million in Fiscal 2022, mainly due to increase 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.

Research and development costs as a percentage of total revenue decreased from 3.3% in Fiscal 2021 to 3.0% in Fiscal 2022, due to operating leverage as a result of increase in revenue.

Research and development costs increased from approximately HK$200.0 million in Fiscal 2021 to approximately HK$253.0 million in Fiscal 2022, mainly due to increase in employee benefit expenses.

Other operating expenses

To achieve a better human resources and production capacity allocation between the PRC and Vietnam in the long run:

1) 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 and HK$61.1 million were recognised in Fiscal 2021 and Fiscal 2022 respectively; and

2) in Fiscal 2021, 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. No such expense was recognised in Fiscal 2022.

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 2.1% in Fiscal 2021 to 1.8% in Fiscal 2022, primarily due to more efficient use of banking facilities and operating leverage as a result of increase in revenue.

Finance costs increased from approximately HK$123.6 million in Fiscal 2021 to approximately HK$149.1 million in Fiscal 2022 was primarily attributable to global trend of rising interest rate; partially offset by saving arising from decrease in net debts.

Income tax expenses

Income tax expenses represent our total current and deferred tax expenses under the relevant Hong Kong, PRC and Vietnam income tax rules and regulations.

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits in Fiscal 2022 and Fiscal 2021. The applicable tax rate for the PRC subsidiaries of the Group is 25% in Fiscal 2022 and Fiscal 2021.

The subsidiaries established and operated in Vietnam were subject to corporate income tax at a rate of 20% (2021: 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., a subsidiary holding the production facility at VSIP Hài Phòng in Vietnam, 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 from Fiscal 2018 to Fiscal 2021; and a 50% reduction in corporate income tax for the next nine years from Fiscal 2022, which is offered by the Vietnam Government and is stipulated in the subsidiary's investment license.

Regina Miracle International Hung Yen Co., Ltd., a subsidiary holding the production facility at Hung Yen Province in Vietnam, is entitled to full exemption from corporate income tax from Fiscal 2022 to Fiscal 2023; and a 50% reduction in corporate income tax for the next four years from Fiscal 2024, which is offered by the Vietnam Government and is stipulated in the subsidiary's investment license.

The Group's income tax expenses were approximately HK$96.8 million in Fiscal 2022 (Fiscal 2021: HK$21.2 million).

Net profit

As a result of the cumulative effect of the above factors, our net profit increased from approximately HK$125.5 million in Fiscal 2021 to approximately HK$520.7 million in Fiscal 2022. Our net profit margin increased from 2.1% in Fiscal 2021 to 6.2% in Fiscal 2022.

Excluding the one-off restructuring costs (included in other operating expenses), our net profit was approximately HK$581.8 million in Fiscal 2022, with a net profit margin of 7.0%.

Liquidity, financial resources and bank borrowings

The current ratio (calculated as current assets/current liabilities) increased from 1.4 as of 31 March 2021 to 1.7 as of 31 March 2022, primarily due to a greater increase in current assets than current liabilities.

As at 31 March 2022, the Group's net debt (represented by bank borrowings less the cash and cash equivalents) was approximately HK$3,269.0 million (31 March 2021: HK$3,540.9 million). Net gearing ratio, which was calculated as net debt divided by total equity, improved from 115.3% as at 31 March 2021 to 89.9% as at 31 March 2022, mainly due to improvement in net cash inflow and net profit in Fiscal 2022.

Working capital management

	As at	
	31 March 2022 (days)	31 March 2021 (days)
Receivables turnover days	**49**	55
Payables turnover days	**28**	31

The receivables turnover days and payables turnover days have remained healthy and stable at 49 and 28 days respectively as at 31 March 2022.

Capital expenditures

For Fiscal 2022, the total addition to property, plant and equipment, right-of-use assets and intangible assets amounted to approximately HK$511.6 million (Fiscal 2021: HK$604.8 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 2022 and 31 March 2021, insurance policy investments in the amount of approximately HK$67.5 million and HK$66.7 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 2022, 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 2022, the Group employed a total of approximately 45,385 full-time staff (31 March 2021: 43,710). The total staff cost of the Group (including salaries, bonuses, social insurances, provident funds and share incentive schemes) amounted to approximately HK$2,895.1 million, representing 34.7% 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

On 6 April 2022, the Company's indirect wholly-owned subsidiary, Regina Miracle Fung Ying Limited ("**RM Fung Ying**"), acquired 49% of the equity interest in VSCO Holdings (the "**Target Company**") from ASLA US Holdings LLC (the "**JV Partner**"), an indirect wholly-owned subsidiary of Victoria's Secret & Co. ("**VS**"), at a total consideration of US$45 million.

Upon completion of the acquisition, the Target Company will become a joint venture owned as to 49% by RM Fung Ying and 51% by the JV Partner and will operate the PRC Business through its subsidiaries. RM Fung Ying and VS will also provide the Initial Capital Contribution amounted US$20 million to the Joint Venture as agreed in proportion to RM Fung Ying and the JV Partner's respective equity interest in the Joint Venture. The Joint Venture will be accounted for as an associate in the consolidated financial statements of the Group.

FUTURE PROSPECTS AND STRATEGIES

Market Trend Analysis

In the post-Pandemic era, while the economies in Europe and the United States have recovered vigorously, brands are still to seek a balance between logistical risks and inventory pressure. With the frequent occurrence of black swan events and the uncertainties in the international social and economic environment, enterprises are confronted with unprecedented challenges, but are also presented with opportunities not seen before. The intimate wear industry has shown a trend of polarization, as brands and supply chain enterprises seek to safeguard business stability, the strong gets stronger phenomenon has become increasingly prominent. Over the past few years, Regina Miracle has been dedicated to its IDM business model and driven its business expansion through innovation. It has not only worked with its brand partners to overcome challenges in achieving growth, but has also consolidated its technological barriers and industry-leading position. Meanwhile, it has insisted on optimizing its multi-regional production capacity layout, which has shown promising initial results in terms of both production capacity and efficiency. The Group endeavors to address the immediate challenges while also actively planning for the future, laying a solid foundation for long-term development.

Comfort and health remain mainstream elements in the underwear sector, and with the resumption of social activities, growth of demand for aesthetic products has started to return. In addition, as women become more discerning in their choice of specialized intimate wear, sub-categories such as plus size bras, nursing bras, sanitary panties and light exercising outfits, are gaining attention. Furthermore, the sports underwear market has been developing at a rapid pace in recent years, and leggings, which complement sports underwear, are also growing popular among consumers. The technologies and craftsmanships developed by the Group can effectively provide different product solutions targeted to address needs for different occasions and various functions, etc. On the other hand, the rise of the "Metaverse" concept has led to increased demand for consumer electronic softgoods products offering a comfortable, skin-friendly wearing experience that is suitable for prolonged use, conducive to the increasingly prevalent trend of using textiles for many different types of consumer electronic products in the tech industry. Although market trends vary by product segment, the stringent demand for well-fitting and comfortable attributes is universal across intimate wear, sports underwear and leggings, as well as consumer electronics products. With a high degree of flexibility in its R&D capabilities, Regina Miracle's three core technologies can be broadly applied to various categories of products, enabling the Group to make significant progress across multiple industries by leveraging its unique strengths.

With the relaxation of pandemic prevention measures in most countries in Europe and the United States, the market is returning to normal. In terms of the PRC market, health, comfort and online shopping under the new retail era have become a lifestyle and consumption habit. As people has spent proportionately more time at home and home exercise has become a new form of exercise, it is forecasted that there will be an increasing demand for sports products and consumer electronics products in the future. The Group has actively expanded its presence in the PRC market on various fronts and expects this market to provide important growth drivers in the future.

Insist on innovation-driven development, to thrive on vast experience, and expand multiple business segments to usher in a golden era of development

Faced with a combination of various factors, the industry is confronted by challenges such as tight supply chains and rising raw material costs, and is undergoing a reshuffle. In this context, Regina Miracle's comprehensive competitiveness in terms of technological barriers, world-leading product innovation capabilities and highly viscous brand-partner relationships accumulated over the years will be further highlighted, laying a solid foundation for future growth and ushering in a golden era of development.

Continuous upgrading of core technologies and formation of a win-win and mutually beneficial strategic cooperative relationship with loyal brand partners

Over the years, Regina Miracle has adhered to its IDM business model, conducing to its global industry-leading product innovation capabilities. The Group has formed a diversified technological matrix based on three core technologies: computer-aided mold design and production, 3D compression molding, and seamless bonding, with applications spanning various fields such as intimate wear, sports and consumer electronics. The uniqueness, leadership, malleability and versatility of the core technologies allow for a high degree of cross-use by different brand partners in different categories, as well as the ability to cater to the different positioning and needs of each brand and to continue to develop unique and innovative products for our brand partners. This, coupled with the Group's insistence on a mutually beneficial win-win strategy, consistent quality and a high degree of flexibility, has won the trust and viscousness of various brand partners to Regina Miracle IDM's positioning, which will help strengthen the Group's market position in the long run after the industry reshuffle. The Group has also strived to foster and steer the industry trends by continuously strengthening and upholding its technological barriers, registering patents and trademarks for its unique technologies, defining new standards for the industry and providing consumers with a more direct and in-depth understanding of high value-added products, leading the development trend and demand of the market.

Building solid foundation to promote stability and diversified growth with the launch of the Five-Year Plan for Fiscal 2022-2026

After several years of significant investment, Regina Miracle has laid a solid foundation for its future development. In order to lead the Group to a new chapter of development and a brighter future, after giving careful consideration to and conducting a comprehensive review on the market and the businesses, the management has formulated a brand-new five-year plan for Fiscal 2022-2026 focusing on the following areas:

I. **Drive steady revenue growth:** Adhere to the IDM business model to drive steady growth in sales through innovation and R&D, and accelerate the expansion into the PRC market;

II. **Margin expansion:** Continue to develop high value-added and innovative products with better margin, while enhancing management and production efficiency, improving operating leverage as revenue grows and effectuating faster growth in target earnings than in revenue; and

III. **Sound financial position:** Maintain healthy operating cash flows and control capital expenditures through the above measures in order to gradually lower gearing ratio in the medium and long terms, following the completion of the Group's capex intensive investment phase in Northern Vietnam over the last few years.

During the year under review, the Group was successful in realizing its target blueprint for Fiscal 2022 set out in its five year plan, and on the basis of achieving high sales growth, its efficiency and profit margin increased, laying foundation for the Group's medium- and long-term healthy financial position. Based on currently foreseeable orders, the Group remains optimistic that the business will continue to perform well in the first half of 2023. Looking forward, despite numerous uncertainties in the marco-environment, the Group will endeavor to comprehensively achieve the established goals in the five-year plan for Fiscal 2023-2026, fully utilize tailwinds from the advantages of the environment and itself, take stock of the situation and remain flexible to respond, and drive steady rise in the Group's business.

At the business level, the Group's future growth will be driven by the four business segments of intimate wear, sports products, consumer electronics components products and footwear:

– **The intimate wear business is expected to continue growing steadily.** The growth in the intimate wear segment is mainly attributable to the expansion of individual brand partners and the increase in market share of key brand partners, underpinned by the development of innovative craftmanship products and the product expansion into several sub-categories.

– **Growing share of the sports business, with innovative craftsmanship leading the rapid growth in industry demand.** In recent years, international brands are increasingly appreciating the importance of female sports market, of which sports bras are a core product with huge development potential still. Owing to its foresighted planning several years ago, the Group's strategic partnerships with several leading global brands have become increasingly steadfast and the addition of a number of fast-growing new brands has formed an ideal brand partner portfolio and helped the Group to grasp the growth momentum of the sports intimate wear industry. Meanwhile, Regina Miracle's innovation and R&D capabilities have led to the evolution and upgrading of leggings in the sports segment, significantly enhancing their functionality and comfort, etc. Demand for products in the sports leggings segment is growing significantly and is expected to replicate the growth trajectory of sports bras.

– **The consumer electronic components business is showing a trend of diversified development for the coming years to build a more stable product and brand partner portfolio.** With the emergence of the "Metaverse" concept, more emphasis is being placed on the use of skin-friendly materials for consumer electronic products to give users a better and more comfortable experience when using the products for long time. The Group is well positioned to apply its innovative craftsmanship and three core technologies in the consumer electronics segment, conducive to develop market-leading products. In addition to the existing international brand partners, the Group introduced domestic leading brand partners during the year with the opportunities for expansion of product categories, driving the growth of consumer electronics components segment of the Group in the coming years. Relevant brand partners have been promptly deploying in this field as well as lengthening their product cycles, resulting in relatively high sales visibility. The Group actively plans and responds to the changing high technology product market through implementing a strategy to diversify its brand partners and product portfolios, laying a flexible and stable foundation for the development of consumer electronic components business.

– **The footwear business will continue its steady growth on the current basis.** The Group is currently focused on working with the American casual sportswear brand. With years of joint development, the partners will continue to go hand in hand and maintain the growth momentum in the foreseeable future.

A maturing multi-regional production capacity layout, with advantages of Vietnam as a production base in the global supply chain becoming more prominent

In order to enhance its core competitive advantages, the Group is committed to multi-regional production capacity deployment, bolstering the growth of its export business with its production bases in Vietnam, while promoting the development of the PRC market by leveraging the production bases in China.

Against the backdrop of the increasing complexity of global competition and cooperation, Vietnam has become highly sought after by global manufacturing enterprises due to its status as a member state of various trade agreements, its advantages in terms of population size, labor costs and cultural standards, and the local government's commitment to ensuring stable operations for supply chain enterprises. After around six years of strategic deployment for overseas production capacity layout and team cultivation, the Group's production capacity in Vietnam now presents multiple advantages in terms of scale, power, agility and high-quality output. Meanwhile, the implementation of digital management has enabled the Group's deployment of its production capacity to be more coordinated and agile. In addition, Regina Miracle has gradually refined its supply chain localization, including driving its core suppliers partners to accelerate the deployment or expansion of local production capacity in Vietnam, thereby shortening the delivery cycle, improving response time and forming an efficient local problem-solving mechanism, and ultimately optimizing integrated cost efficiency. The Group's competitive advantages are more evidently manifested as the industry supply undergoes consolidation.

In respect of its business development in the PRC, the Group has also improved production efficiency by promoting automation and digitalization to address the needs of production capacity, strengthen supply chain management, develop local suppliers and ensure fast delivery as well as plan production capacity deployment in advance. With the relocation of the Group's R&D center and production base from Shenzhen to the new industrial park in Zhaoqing New District in the Greater Bay Area in phases during the period starting from mid-2023 to end of 2024, to produce mainly intimate wear, sports apparel and consumer electronics components with its leading and innovative craftsmanship, the Group will be better positioned to collaborate with international brand partners in tapping the PRC market and to step up efforts to explore new opportunities with emerging online brands in the domestic market and other channels.

Integrating technological innovation and digital intelligence to accelerate penetration into the PRC market

The intimate wear market in China is characterized by low brand concentration, with most of the existing brands offering a single or relatively narrow product range, while consumer demand is growing rapidly across product segmentation and functional specialization. This industry trend, coupled with the rapid development of e-commerce in the PRC, provides an excellent opportunity for all brands with potential to expand their market share.

In order to better serve our brand partners that make sales in the PRC and to more quickly identify and address the latest market trends and consumers' needs, the Group entered into a strategic partnership with Tmall Intimate Wear and Tmall Innovation Center ("**TMIC**") on 20 May 2022. TMIC has gained insights into consumer aspirations and feedback from mass purchase activities, forward-looking trend data analysis and its understanding of consumers' behaviours, which helps the Group to carry out specialised and precise R&D, translate consumers' demands into concrete technological solutions and integrate them into end products. Through the joint efforts of the three parties, the Group hopes to achieve the goals of incubating highly reputable and consistently best-selling products that could set new trends, creating innovative technology IP, and establishing industry standards for specific categories, thereby promoting the healthy and orderly development of the intimate wear market in the PRC.

The establishment of a joint venture between Regina Miracle and Victoria's Secret also marks a strategic move towards the Group's layout in the PRC market. As the world's largest international intimate wear brand, Victoria's Secret boasts strong consumer brand awareness and mature retail operation and marketing capabilities in the PRC market, which highly complement with the Group's strength in product innovation, research and development and manufacturing, as well as its deep insights of the PRC market and consumers. With a stringent set of five-year growth and profitability targets, the joint venture will focus on three main dimensions encompassing product, supply chain and business operations, strengthening the brand in all aspects to better cater for the PRC market. Recently, the range of products we have developed with VS China for the PRC market has been well-received. The first stage of the transformation to brand's online business has already yielded remarkable results, in which the first launch of "Double-Size 'Jelly-Striped' Bra Top" has seen cumulative sales of over 250,000 units within four months, while the brand's impact and performance has gradually become more consistent, which clearly demonstrated the synergies between VS China and Regina Miracles to lead the market.

In Fiscal 2022, Regina Miracle officially incorporated ESG into the supervisory responsibilities of the Board, and established an environmental, social and governance committee (the ESG committee), led by the Group's Chief Operating Officer, to strengthen the Board's role in overseeing ESG policies, and facilitate better planning for the management and achievement of the Group's sustainability goals. During the year, the Group decided upon six key issues of concern, including climate action, life on the land, clean water and sanitation, responsible consumption and production, decent work and economic growth, and gender equality, based on the United Nations' 2030 Sustainable Development Goals. In response to these six major directions, the Group has set itself four goals for 2030, namely carbon reduction, waste management, sustainable innovation, and people and community. Regina Miracle will continue to be committed to promoting environmental and social sustainable development, creating long-term value for all stakeholders and assuming its social responsibility with a responsible attitude.

For information on the Group's 2021 Sustainability Report, please click the link below or scan the QR code:

http://www.reginamiracleholdings.com/sustainability_report_2021/

Conclusion

With years of perseverance in innovative design and manufacturing, Regina Miracle has successfully established solid technological barriers and developed market-leading products. In the future, the Group will continue to give full play to its advantages in various aspects and pursue win-win situations with its brand partners. At the same time, the Group will continue to be committed to fulfilling its social responsibilities and contributing to the enhancement of the environment, employees and the community, thereby achieving sustainability and delivering long-term value for shareholders and stakeholders.

The Group's encouraging performance during the year can be attributed to the tireless efforts and dedication of the management team and colleagues. The Group would also like to express its sincere gratitude to the brand partners, suppliers partners and business partners as well as the shareholders for their unwavering support in overcoming the challenges created by the Pandemic. The management is confident that the Group can sustain its growth momentum in the future, further achieve the goals set out in its five-year plan, and move closer towards a golden era of development.

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 five Board committees namely, the audit committee, the nomination committee, the remuneration committee, the executive committee and the environmental, social and governance committee with written terms of reference in compliance with the Corporate Governance Code ("**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 Company has implemented and applied the principles contained within the recommended best practices of the CG Code, including reflecting those principles in the Company's relevant policies. 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 of the CG Code contained in Appendix 14 of the Listing Rules for the year ended 31 March 2022.

According to code provision C.2.1 of the CG Code, the roles of chairman and chief executive 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 2022, 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 2022.

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 2022 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 Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as its code of conduct regarding directors' securities transactions. Upon specific enquiries being made with all Directors, each of them confirmed that they have complied with the required standards set out in the Model Code for the year ended 31 March 2022.

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 2022.

FINAL DIVIDEND

The Board has resolved to propose a final dividend of HK7.2 cents per share for the year ended 31 March 2022. Together with the interim dividend of HK6.8 cents per share, the total dividend distribution represents approximately 32.9% of the Group's net profit for the year ended 31 March 2022.

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 Friday, 16 September 2022. If approved by shareholders, the proposed final dividend is expected to be paid on or about Thursday, 6 October 2022 to shareholders whose names appear on the register of members of the Company on Monday, 26 September 2022.

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 Friday, 9 September 2022 to Friday, 16 September 2022, 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 Thursday, 8 September 2022.

(2) The final dividend will be payable on or about Thursday, 6 October 2022 to the shareholders whose names appear on the register of members of the Company on Monday, 26 September 2022. For the purpose of ascertaining shareholders' entitlement for the final dividend, the register of members of the Company will be closed from Thursday, 22 September 2022 to Monday, 26 September 2022, 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 Wednesday, 21 September 2022.

ANNUAL GENERAL MEETING

The AGM will be held on Friday, 16 September 2022. Notice of the AGM will be sent to the shareholders of the Company in due course.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company proposes to amend its amended and restated articles of association ("**Articles of Association**") by way of adoption of a second amended and restated articles of association (the "**New Articles of Association**") to bring the Articles of Association in line with the relevant requirements of the applicable laws of the Cayman Islands and the Listing Rules. Other minor amendments to the Articles of Association are also proposed to be made to introduce corresponding and house-keeping changes. The proposed adoption of the New Articles of Association is subject to the approval of the Company's shareholders by way of a special resolution at the AGM. A circular containing particulars relating to proposed amendments to the Articles of Association will be sent to the Company's shareholders 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 2021/22, the notice of the AGM and the circular containing particulars relating to the proposed amendments to the Articles 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 2022.

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

Hong Kong, 29 June 2022

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.