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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

FINANCIAL HIGHLIGHTS

	Six months ended 30 September				
	2021		2020		
	HK$'000	**%**	*HK$'000*	%	Change
Revenue	**4,080,615**	**100.0**	2,517,590	100.0	62.1%
Gross profit	**980,607**	**24.0**	487,035	19.3	101.3%
Profit/(loss) attributable to owners of the Company	**254,287**	**6.2**	(32,426)	(1.3)	N/A
Earnings before interest, taxes, depreciation and amortisation#	**650,654**	**15.9**	288,313	11.5	125.7%
Profit attributable to owners of the Company (excluded restructuring costs)#	**275,577**	**6.8**	12,065	0.5	2,184.1%
Earnings before interest, taxes, depreciation and amortisation (excluded restructuring costs)#	**671,944**	**16.5**	332,804	13.2	101.9%
	HK cents		*HK cents*		
Earnings/(loss) per share – basic and diluted	**20.8**		(2.6)		
Dividend per share	**6.8**		–		

These are not measure of performance under Hong Kong Financial Reporting Standards ("**HKFRS**"), but are 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.

INTERIM RESULTS

The board of directors (the "**Board**") of Regina Miracle International (Holdings) Limited ("**Regina Miracle**" or the "**Company**") is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 September 2021 ("**1HF2022**" or the "**Period**"), together with the comparative unaudited figures for the corresponding period in 2020 ("**1HF2021**").

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2021

	Note	**Six months ended 30 September 2021** *HK$'000* **(Unaudited)**	2020 *HK$'000* (Unaudited)
Revenue	*4*	**4,080,615**	2,517,590
Cost of sales	*6*	**(3,100,008)**	(2,030,555)
Gross profit		**980,607**	487,035
Other income	*5*	**14,658**	23,448
Distribution and selling expenses	*6*	**(90,162)**	(62,711)
General and administrative expenses	*6*	**(399,099)**	(298,068)
Research and development costs	*6*	**(124,260)**	(90,914)
Other operating expenses	*6*	**(21,290)**	(44,491)
Operating profit		**360,454**	14,299
Finance income		**915**	1,084
Finance costs		**(64,280)**	(63,977)
Finance costs, net	*7*	**(63,365)**	(62,893)
Share of net profit of an associate accounted for using the equity method		**3,804**	1,429
Profit/(loss) before income tax		**300,893**	(47,165)
Income tax (expenses)/credit	*8*	**(46,606)**	14,739
Profit/(loss) for the period attributable to owners of the Company		**254,287**	(32,426)
Earnings/(loss) per share attributable to owners of the Company (expressed in HK cents per share)			
– Basic and diluted	*9*	**20.8**	(2.6)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 September 2021

	Six months ended 30 September 2021 HK$'000 (Unaudited)	2020 HK$'000 (Unaudited)
Profit/(loss) for the period	**254,287**	(32,426)
Other comprehensive income/(loss)		
Items that have been reclassified or may be subsequently reclassified to profit or loss		
Currency translation differences	**31,381**	42,134
Fair value gain on insurance policy investments	**14,166**	20,849
Fair value change on trade receivables carried at fair value through other comprehensive income ("**FVOCI**")	**8,442**	9,461
Reclassification of trade receivables at FVOCI reserve to factoring interests and charges upon disposals	**(8,798)**	(8,897)
Other comprehensive income for the period, net of tax	**45,191**	63,547
Total comprehensive income for the period attributable to owners of the Company	**299,478**	31,121

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2021

	Note	**As at 30 September 2021** ***HK$'000*** **(Unaudited)**	As at 31 March 2021 *HK$'000* (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**4,613,844**	4,674,481
Right-of-use assets		**519,579**	463,105
Intangible assets		**40,407**	43,663
Insurance policy investments		**211,432**	190,359
Deposits and prepayments		**243,570**	111,255
Investment in an associate		**15,519**	11,715
Deferred income tax assets		**44,338**	17,296
		5,688,689	5,511,874
Current assets			
Inventories		**1,388,726**	1,245,629
Trade receivables	*10*	**1,509,141**	1,093,022
Deposits, prepayments and other receivables		**62,695**	48,115
Tax recoverable		**3,057**	3,510
Restricted bank deposits		**1,014**	6,906
Cash and cash equivalents		**636,051**	827,980
		3,600,684	3,225,162
Total assets		**9,289,373**	8,737,036
EQUITY			
Equity attributable to owners of the Company			
Share capital		**95,247**	95,247
Reserves		**3,215,822**	2,975,108
Total equity		**3,311,069**	3,070,355

	Note	As at 30 September 2021 HK$'000 (Unaudited)	As at 31 March 2021 HK$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Borrowings	*11*	**3,764,221**	3,192,407
Other payables		**25,175**	24,155
Lease liabilities		**54,585**	78,165
Deferred income tax liabilities		**25,304**	22,162
		3,869,285	3,316,889
Current liabilities			
Trade payables	*12*	**599,619**	424,758
Accruals and other payables		**783,498**	671,267
Lease liabilities		**68,125**	68,598
Borrowings	*11*	**527,525**	1,176,484
Current income tax liabilities		**71,488**	8,685
Dividends payable	*13*	**58,764**	–
		2,109,019	2,349,792
Total liabilities		**5,978,304**	5,666,681
Total equity and liabilities		**9,289,373**	8,737,036

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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 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 company and its subsidiaries 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.

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

This interim condensed consolidated financial information is presented in Hong Kong dollars ("**HK$**"), unless otherwise stated. This interim condensed consolidated financial information has been approved for issue by the Board of Directors on 29 November 2021.

This interim condensed consolidated financial information has not been audited.

2 BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 September 2021 has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting".

The interim condensed consolidated financial information does not include all the notes of the type normally included in an annual consolidated financial statements. Accordingly, this interim condensed consolidated financial information should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**").

3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied to this interim condensed consolidated financial information are consistent with those of the annual financial statements for the year ended 31 March 2021, as described in those annual financial statements.

Taxes on income in the interim period are accrued using the tax rate that would be applicable to expected total annual earnings.

The adoption of amended standards effective for the financial year ending 31 March 2022 are described below.

(a) Amendments adopted by the Group

The following amended standards are mandatory for the first time for the financial periods beginning on 1 April 2021.

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

The adoption of the above amendments did not have any significant impact on the results and financial positions of the Group.

(b) New and amended standards, interpretation and accounting guideline not yet adopted by the Group

The following new and amended standards, interpretation and accounting guideline have been issued but are not effective for the financial periods beginning on or after 1 April 2021 and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
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)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 April 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1 April 2023
HKAS 12 (Amendments)	Income Taxes	1 April 2023
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	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

The Group has not adopted the above new standards and amendments that are not yet effective for this interim reporting period. The Group anticipates that the application of the above new and amended standards, interpretation and accounting guideline to existing standards have no material impact on the results and the financial position of the Group.

4 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 interim financial information 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 six months ended 30 September 2020. 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 interim period. 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, sport shorts and sports tops.

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

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

(v) Footwear – manufacturing of shoes and uppers.

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

The segment results for the six months ended 30 September 2021 are as follows:

	Six months ended 30 September 2021						
	Intimate wear	Sports products	Consumer electronics components	Bra pads and moulded products	Footwear	Fabric masks	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Total segment revenue (Recognised at a point in time)	2,336,012	1,036,390	232,723	193,071	170,765	111,654	4,080,615
Gross profit/segment results	569,853	243,378	58,181	45,355	39,276	24,564	980,607
Other income							14,658
Distribution and selling expenses							(90,162)
General and administrative expenses							(399,099)
Research and development costs							(124,260)
Other operating expenses							(21,290)
Finance income							915
Finance costs							(64,280)
Share of net profit of an associate accounted for using equity method							3,804
Profit before income tax							300,893
Income tax expenses							(46,606)
Profit for the period							254,287

Other segment item included in the interim condensed consolidated income statement for the period ended 30 September 2021 is as follows:

	Six months ended 30 September 2021						
	Intimate wear	Sports products	Consumer electronics components	Bra pads and moulded products	Footwear	Fabric masks	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Depreciation for property, plant and equipment and right-of-use assets included in cost of sales	102,690	45,895	23,020	13,153	8,397	5,843	198,998

Depreciation for property, plant and equipment and right-of-use assets of approximately HK$198,998,000 (2020: HK$191,018,000) has been charged in "cost of sales", approximately HK$72,628,000 (2020: HK$68,389,000) has been charged in "general and administrative expenses" and approximately HK$9,738,000 (2020: HK$8,320,000) has been charged in "research and development costs" respectively.

The segment results for the six months ended 30 September 2020 are as follows:

	Six months ended 30 September 2020 (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)
Total segment revenue (Recognised at a point in time)	1,104,044	653,487	114,064	118,360	154,234	373,401	2,517,590
Gross profit/segment results	206,610	121,549	26,804	24,395	37,942	69,735	487,035
Other income							23,448
Distribution and selling expenses							(62,711)
General and administrative expenses							(298,068)
Research and development costs							(90,914)
Other operating expenses							(44,491)
Finance income							1,084
Finance costs							(63,977)
Share of net profit of an associate accounted for using equity method							1,429
Loss before income tax							(47,165)
Income tax credit							14,739
Loss for the period							(32,426)

Other segment item included in the interim condensed consolidated income statement for the period ended 30 September 2020 is as follows:

	Six months ended 30 September 2020 (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	75,717	46,551	14,141	10,466	22,126	22,017	191,018

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

	Six months ended 30 September	
	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
United States	**2,117,712**	1,199,376
Europe	**461,884**	316,518
The People's Republic of China (the "**PRC**")	**623,345**	378,184
Japan	**284,319**	208,959
Hong Kong	**107,341**	82,281
South Asia (Note a)	**60,951**	14,437
South-east Asia (Note b)	**130,214**	117,603
Other countries/regions (Note c)	**294,849**	200,232
	4,080,615	2,517,590

Note a: Includes Bangladesh, Sri Lanka and India.

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

Note c: Includes Taiwan, Turkey, Australia, Colombia and others.

No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the CODM.

Non-current assets, other than deposits, deferred income tax assets and insurance policy investments, of the Group are located in the following geographical areas:

	As at 30 September 2021	As at 31 March 2021
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
The PRC	**960,384**	822,463
Hong Kong	**68,520**	60,050
Vietnam	**4,395,659**	4,416,360
	5,424,563	5,298,873

5 OTHER INCOME

	Six months ended 30 September	
	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Scrap sales income	**6,661**	3,790
Government grants	**6,036**	18,672
Others	**1,961**	986
	14,658	23,448

6 EXPENSES BY NATURE

The following items have been charged to the interim condensed consolidated income statement during the period:

	Six months ended 30 September	
	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**237,586**	218,233
Depreciation of right-of-use assets	**43,778**	49,494
Amortisation of intangible assets	**5,033**	4,859
Cost of inventories sold	**1,489,612**	852,723
Loss allowance of trade receivables	**3,135**	1,730
Employee benefit expenses	**1,455,410**	1,028,244
Restructuring costs *(Note)*	**21,290**	44,491

Note: The restructuring costs primarily included write-off of fixed assets of approximately HK$21,290,000 (2020: HK$9,503,000) and termination benefits of HK$Nil (2020: HK$34,988,000) paid to employees, as a result of the reallocation of human resources and production capacity between the PRC and Vietnam. The amounts were included in "other operating expenses".

7 FINANCE COSTS, NET

	Six months ended 30 September	
	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Finance income		
– interest income on bank deposits	**915**	1,084
Finance costs		
– interest expense on borrowings and factoring interests	**(61,131)**	(60,979)
– interest expense on lease liabilities	**(3,149)**	(4,275)
Less: interest expenses capitalised *(Note)*	**–**	1,277
	(64,280)	(63,977)
Finance costs, net	**(63,365)**	(62,893)

Note: The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's general and specific borrowings during the period, which was 2.5% per annum for the period ended 30 September 2020. There is no interest expense capitalised for the period ended 30 September 2021.

8 INCOME TAX (EXPENSES)/CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits for the six months ended 30 September 2021.

The applicable tax rate for the PRC subsidiaries of the Group is 25% (2020: 25%) for the six months ended 30 September 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 150% to 175% of the research and development costs so incurred in a period as tax deductible expenses in determining its tax assessable profits for that period ("**Super Deduction**"). The management has assessed and recognised the amount of Super Deduction based on the best estimation for the six months ended 30 September 2021 (2020: Same).

The subsidiaries established and operated in Vietnam are 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 are 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 ending 31 March 2022.

Income tax (expenses)/credit is recognised based on management's estimate of weighted average annual income tax rate expected for the full year. The amount of income tax (charged)/credited to the interim condensed consolidated income statement represents:

	Six months ended 30 September	
	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current income tax	**(70,378)**	(5,670)
Deferred income tax	**23,772**	20,409
Income tax (expenses)/credit	**(46,606)**	14,739

9 EARNINGS/(LOSS) PER SHARE

(a) Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue.

	Six months ended 30 September	
	2021	2020
	(Unaudited)	*(Unaudited)*
Profit/(loss) attributable to owners of the Company *(HK$'000)*	**254,287**	(32,426)
Weighted average number of ordinary shares in issue *('000)*	**1,224,250**	1,224,250
Basic earnings/(loss) per share (expressed in HK cents per share)	**20.8**	(2.6)

(b) Diluted

Diluted earnings/(loss) per share for the six months ended 30 September 2021 and 2020 is the same as the basic earnings/(loss) per share as there were no potentially dilutive ordinary shares issued.

10 TRADE RECEIVABLES

	As at 30 September 2021	As at 31 March 2021
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables		
– carried at amortised cost	**1,255,240**	849,577
– carried at FVOCI	**267,380**	253,789
	1,522,620	1,103,366
Less: loss allowance of trade receivables	**(13,479)**	(10,344)
	1,509,141	1,093,022

Gross trade receivables, based on invoice date, were aged as follows:

	As at 30 September 2021 *HK$'000* **(Unaudited)**	As at 31 March 2021 *HK$'000* (Audited)
0–30 days	**691,633**	547,475
31–60 days	**371,939**	207,115
61–90 days	**225,528**	209,278
Over 90 days	**233,520**	139,498
	1,522,620	1,103,366

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

As at 30 September 2021, included in the Group's trade receivables were amounts due from related parties of approximately HK$10,039,000 (31 March 2021: HK$8,272,000).

11 BORROWINGS

	As at 30 September 2021 *HK$'000* **(Unaudited)**	As at 31 March 2021 *HK$'000* (Audited)
Bank borrowings		
Non-current	**3,764,221**	3,192,407
Current	**527,525**	1,176,484
	4,291,746	4,368,891

	Six months ended 30 September	
	2021	*2020*
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Opening balance as at 1 April	**4,368,891**	3,590,005
Proceeds from new borrowings	**2,550,000**	1,239,551
Repayments of borrowings	**(2,627,145)**	(620,042)
Closing balance as at 30 September	**4,291,746**	4,209,514

As at 30 September 2021, total undrawn trading facilities amounted to approximately HK$2,484,000,000 (31 March 2021: HK$2,391,000,000).

As at 30 September 2021, the Group's borrowings bore floating rates and the effective interest rate of the outstanding bank borrowings was 2.2% per annum (31 March 2021: 2.1% per annum).

As at 30 September and 31 March 2021, bank borrowings were secured by corporate guarantees given by the Company and certain subsidiaries of the Company.

12 TRADE PAYABLES

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

	As at 30 September 2021 *HK$'000* **(Unaudited)**	As at 31 March 2021 *HK$'000* (Audited)
0–30 days	**556,242**	208,148
31–60 days	**40,391**	157,668
61–90 days	**2,986**	39,950
Over 90 days	**–**	18,992
	599,619	424,758

13 DIVIDENDS

Final dividend of HK3.3 cents per ordinary share and special dividend of HK1.5 cents per ordinary share of the Company, totalling HK$58,764,000 for the year ended 31 March 2021 has not been paid during the six months ended 30 September 2021.

The Board has resolved to declare an interim dividend of HK6.8 cents (2020: Nil) per ordinary share of the Company, totalling approximately HK$83,249,000 for the six months ended 30 September 2021 (2020: Nil).

At a meeting held on 29 June 2020, a final dividend of HK4.0 cents per ordinary share of the Company, totalling approximately HK$48,970,000 for the year ended 31 March 2020 was proposed. The amount was paid during the period ended 30 September 2020.

14 EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Group entered into an agreement with Mr. Hung Yau Lit, the chairman of the Board, chief executive officer, an Executive Director and controlling shareholder of the Company to dispose of 100% of the equity interest of Regina Miracle International Technology Limited ("RMIT") and its subsidiaries (collectively the "Target Group") at a consideration of HK$120,000,000 ("the disposal") to Mr. Hung Yau Lit. The Target Group is principally engaged in investment holding.

The assets of the Target Group comprise the land use right of a piece of land and the entire issued share capital of RMIT. The net proceeds from the disposal are intended to be used as general working capital for the Group. The Group has no significant profit or loss in relation to the disposal. The disposal was completed on 12 November 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

During the Period under review, although coronavirus disease 2019 ("**COVID-19**" or the "**Pandemic**") remained precarious, consumers and brand partners had acclimated to the new normal in the late-Pandemic era. Overall market demand returned to pre-Pandemic level, with traditional intimate wear products, which were harder hit last year, seeing a strong rebound in orders. As for household, sports and consumer electronics products, which thrived amid the Pandemic, they continued to be in high demand. On the supply end, rising raw material prices, strained freight transport and restriction on power supply on the mainland posed challenges to the entire supply chain. That, however, also drew eyes onto the edges, such as solid R&D capabilities, scale and multi-regional production capacity, that leading industry players have.

Leveraging on its well-established innovative design manufacturing ("**IDM**") capabilities, Regina Miracle continued to innovate in craftsmanship and develop production equipment to create products trendsetting in the market. Such efforts, plus having capacities strategically laid out in the PRC and Vietnam, enabled the Group to achieve win-win together with brand partners amid the Pandemic. The Group is pleased to see the business of its long-term brand partners returning to normal and the closer than before working relationship with them. With its different businesses and regional markets all thriving, the Group recorded historical high revenue for the first half of the year. For intimate wear products, in particular, orders swiftly rebounded and business not only returned on the normal track, but performed better than in previous years. Sports products, especially sports bras, continued to record robust growth. As for the business of high value-added consumer electronics components which continued to benefit from changing lifestyles, it maintained satisfactory growth momentum.

The new retail market in the PRC has been another major growth driver of the Group. At the onset of the Pandemic, expecting the PRC market to recover in strong strides in the late-Pandemic stage and seeing the sprouting of e-commerce brands plus the love for sports sweeping across the country, the Group already decided to expand the market. Famed for its innovative craftsmanship and superior quality in the industry, the Group quickly began partnering with a number of mainland underwear e-commerce brands, which resulted in the rapid uptick in share of sales via new retail channels for the Period. The Group expects that growth impetus to continue in the coming year.

To complement international brand partners' strategy to develop the PRC market and to bolster its own domestic business, the Group is working to optimise its production layout in the PRC. Apart from further surrendering parts of the leased factory in Shenzhen, it has decided to relocate its mainland production base to the High-Tech Industrial Park in Zhaoqing New District, in the Greater Bay Area ("**GBA**"), so that it may satisfy the keen demand for innovative underwear and sportswear products in the PRC market.

Rising raw material prices had little impact on the profitability of the Group's products. With the support of brand partners, the Group managed to maintain profitability by raising product prices in line with cost increases. Another challenge it faced during the Period was from the strained global supply chain. It had no major impact on the Group's costs and shipments, because on top of adopting freight-on-board (FOB) price, Regina Miracle was able to respond with agility and fully met the needs of brand partners. That is the reason Regina Miracle has the trust of its brand partners. In spite of the Pandemic, the factory in China was operating as normal. In Vietnam, although the Pandemic raged in southern Vietnam, it was well under control in Hai Phong City and its surrounding provinces in northern Vietnam, hence operation of the Group' plants there was unaffected.

BUSINESS REVIEW

Financial Performance

During the Period, the Group's revenue reached historical high at approximately HK$4,080.6 million (1HF2021: HK$2,517.6 million) amid the Pandemic, representing a year-on-year increase of 62.1%. Gross profit grew correspondingly by 101.3% to approximately HK$980.6 million, with gross profit margin up by 4.7 percentage points to 24.0% (1HF2021: HK$487.0 million and 19.3%, respectively). Despite the write-off of fixed assets of approximately HK$21.3 million made by the Group for further surrendering parts of the leased factory in Shenzhen and the higher operating expenses incurred due to RMB and VND appreciation, which enhanced operating leverage attributable to the higher revenue and effective cost control measures, earnings before interest, taxes, depreciation and amortisation (EBITDA) increased by 125.7% to approximately HK$650.7 million, with EBITDA margin up by 4.4 percentage points to 15.9% (1HF2021: HK$288.3 million and 11.5%, respectively). Consequently, the Group turned around to net profit of approximately HK$254.3 million (1HF2021: net loss of HK$32.4 million) and net profit margin at 6.2%. Basic earnings per share attributable to owners of the Company were HK20.8 cents (1HF2021: basic loss per share of HK2.6 cents). Excluding the one-off expense item arising from surrendering parts of the leased factory in Shenzhen, net profit should have been approximately HK$275.6 million with a net profit margin of 6.8%.

The Group is in a healthy financial position, with operating cash flows surging to approximately HK$422.9 million during the Period (1HF2021: HK$78.2 million) and ample cash in hand of approximately HK$636.1 million as at 30 September 2021 (31 March 2021: approximately HK$828.0 million).

To share the fruitful results with shareholders, the Board has resolved to declare an interim dividend of HK6.8 cents per share for 1HF2022 (1HF2021: nil), in line with the Group's dividend policy of distributing no less than 30% of its net profit for the financial year. The interim dividend is expected to be paid on or around Thursday, 23 December 2021 to shareholders whose names appear on the register of members of the Company on Wednesday, 15 December 2021.

In the past few years, the Group has kept launching new products through craftsmanship revolutions and new production equipment developed, as well as coming up with products in new cross industries and cross product lines categories to form a diversified product matrix. To show the performance of its different business segments more clearly, 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.

This segment remained the major revenue source of the Group. During the Period, it contributed approximately HK$2,336.0 million in revenue (1HF2021: HK$1,104.0 million), a year-on-year surge of 111.6%, accounting for 57.3% of the total revenue of the Group. Gross profit of the segment grew by 175.8% to approximately HK$569.9 million, with gross profit margin up by 5.7 percentage points to 24.4% (1HF2021: HK$206.6 million and 18.7%, respectively).

The segmental revenue reached historical high, thanks mainly to the decent recovery of European and U.S. markets, with orders for traditional intimate wear rebounding and surpassing pre-Pandemic levels. Drawing on its strong R&D capabilities and innovative craftsmanship, the Group developed new products that contributed to the business recovery of brand partners, with orders from the Group's largest U.S. brand partner seeing a particularly strong rebound. Fueled by the new working from home norm, sales of trendy comfortable bra top products doubled during the Period. Furthermore, the Group found several new partners in emerging mainland e-commerce brands earlier and achieved decent growth in orders from them during the Period. The Group expects orders from the mainland market to assume a growing share of the total orders it receives.

Sports products

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

This business segment contributed approximately HK$1,036.4 million in revenue during the Period (1HF2021: HK$653.5 million), up 58.6% year-on-year and accounting for 25.4% of total revenue. Segmental gross profit was approximately HK$243.4 million, with gross profit margin at 23.5% (1HF2021: HK$121.5 million and 18.6%, respectively).

Sports bras sustained strong performance, with sales doubled, driven by the prevailing sports craze, serving as the main growth driver of the business segment enough to offset the decline in sales of sportswear products.

The decrease in sportswear sales was a result of the Group adjusting its strategic direction – shifting emphasis from apparel products to bra products in the partnership with a Japanese casualwear brand partner. In this sub-segment, the Group focused on sports leggings, embodying its superb craftsmanship, thus enriching its customer portfolio by adding to it some emerging international brands and domestic sports brands.

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$232.7 million (1HF2021: HK$114.1 million), representing a significant year-on-year increase of 104.0% and accounting for 5.7% of the Group's total revenue. Gross profit of the segment increased by 117.1% to approximately HK$58.2 million, with gross profit margin up by 1.5 percentage points to 25% (1HF2021: HK$26.8 million and 23.5%, respectively).

Segmental revenue doubled mainly because consumers spent more hours at home due to the Pandemic, thus fueling the marking growth in demand for consumer electronics for home use, such as VR headsets, keyboards, mice and notebook bags. Based on the orders received in the second half of the year, the Group expects orders to continue to grow in the future and give it new growth impetus.

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$193.1 million (1HF2021: HK$118.4 million), representing a significant 63.1% growth year-on-year and accounting for 4.7% of the Group's total revenue. Gross profit of the segment increased by 85.9% to HK$45.4 million, with gross profit margin up by 2.9 percentage points to 23.5% (1HF2021: HK$24.4 million and 20.6%, respectively). The segmental revenue growth primarily stemmed from recovering demand for traditional intimate wear products.

Footwear

Footwear include shoes and uppers.

Revenue from this business segment amounted to approximately HK$170.8 million (1HF2021: HK$154.2 million), representing a year-on-year increase of 10.7% and accounting for 4.2% of the Group's total revenue. The revenue increase was attributable to a single U.S. casual footwear brand partner maintaining steady sales growth. Gross profit of the segment grew by 3.5% to approximately HK$39.3 million, whereas gross profit margin was down by 1.6 percentage points to 23.0% (1HF2021: HK$37.9 million and 24.6%, respectively). The decline was mainly the result of the reallocation of footwear production to Vietnam, which started only after the Chinese New Year this year. Thus, production was still at an efficiency ramp-up stage.

Fabric masks

Fabric masks mainly are fabric sports masks.

This segment contributed revenue of approximately HK$111.7 million (1HF2021: HK$373.4 million), representing a 70.1% decrease against the same period last year and accounting for 2.7% of the Group's total revenue. Gross profit of the segment amounted to approximately HK$24.6 million and gross profit margin was 22% (1HF2021: HK$69.7 million and 18.7%, respectively).

With the Pandemic coming under control, revenue of the segment declined as anticipated. However, as the Group mainly produces trendy fabric sports masks, the featured fabric masks it produced for major sports brands resonated with market needs, including the masks at the Tokyo Olympics manufactured for a well-known international sports brand.

Production capacity

To quickly capture the robust demand of domestic and overseas brand partners as the market resumed, during the Period, the Group continued to enhance the efficiency and effectiveness of its five factories at the Vietnam Singapore Industrial Park ("**VSIP**") in Hài Phòng City, Vietnam and added production lines, thereby boosting production capacity. The first phase of the facility in Hung Yen Province, Vietnam, operating principally using seamless knitting technology, officially commenced operation in April 2021, which addressed the growing business demand. As for capacity allocation, with its core business recovering and orders for fabric masks declining as the Pandemic came under control, the Group re-allocated production capacity to its competitive arms. Fortunately, Regina Miracle, apt in cross-category production, was able to allocate production capacity to flexibly match requirements of orders. As an important production base of Regina Miracle, Vietnam has a well-laid foundation to support growth of the Group's export business. As of 30 September 2021, the half-year revenue from production in Vietnam rose to 80% of the total revenue of the Group, as compared to 76% in the 1HF2021.

The Group has closely monitored the potential risks on its production capacity in Vietnam brought by the Pandemic. As the Pandemic has been well under control in Hài Phòng and surrounding provinces in Vietnam since the Chinese New Year, operations in the six factories of Regina Miracle in Hài Phòng and Hung Yen, Vietnam have remained normal. With the demand of international brand partners reviving since the second half of last year, the Group has had no complaint with hiring and retaining staff, allowing it to keep stable production capacity in Vietnam. About 90% of the employees suitable for receiving COVID-19 vaccination at the Hài Phòng production base had taken the shots. That has not only ensured employees can work in a safe environment, but also that the Group has stable production operations in the country for capturing the strong demand and orders from international brand partners.

As for the Shenzhen factory in the PRC, the Group's R&D centre and production base, it has continued to support international brand partners in pushing forward their strategy to develop the PRC market and also the Group's own mainland business development. All employees who are fit for vaccination at the factory had taken the shots. To better employ production capacity and enhance operational efficiency, the Group continued to surrender parts of the leased factory in Shenzhen during the Period, which has helped save operating expenses. As at the end of the Period, the Group had over 40,000 employees working at its six factories in Vietnam and approximately 6,100 employees at its Shenzhen factory in the PRC.

THE GROUP'S OPERATING RESULTS

Revenue

We derive our revenue primarily from direct sales of our products. Our total revenue increased by 62.1% from approximately HK$2,517.6 million in 1HF2021 to approximately HK$4,080.6 million in 1HF2022. A comparison of the Group's revenue for 1HF2022 and 1HF2021 by product categories is as follows:

	Six months ended 30 September					
	2021		2020		Change	
	HK$'000	***%***	*HK$'000*	*%*	*HK$'000*	*%*
Intimate wear	**2,336,012**	**57.3**	1,104,044	43.9	1,231,968	111.6
Sports products	**1,036,390**	**25.4**	653,487	26.0	382,903	58.6
Consumer electronics components	**232,723**	**5.7**	114,064	4.5	118,659	104.0
Bra pads and moulded products	**193,071**	**4.7**	118,360	4.7	74,711	63.1
Footwear	**170,765**	**4.2**	154,234	6.1	16,531	10.7
Fabric masks	**111,654**	**2.7**	373,401	14.8	(261,747)	(70.1)
	4,080,615	**100.0**	2,517,590	100.0	1,563,025	62.1

Revenue generated from sales of intimate wear, sports products and bra pads and moulded products increased by 111.6%, 58.6% and 63.1% respectively from 1HF2021 to 1HF2022. 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$118.7 million, or 104.0%, from approximately HK$114.0 million in 1HF2021 to approximately HK$232.7 million in 1HF2022. The increase was primarily due to strong demand for the entertaining consumer electronic products.

Revenue generated from sales of footwear increased by HK$16.5 million, or 10.7%, from approximately HK$154.2 million in 1HF2021 to approximately HK$170.8 million in 1HF2022. 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$261.7 million, primary due to decrease in demand for these products with the rollout of vaccines that which helps curb the effects of the Pandemic.

Cost of Sales

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

	Six months ended 30 September					
	2021		2020		Change	
	HK$'000	**%**	*HK$'000*	%	*HK$'000*	%
Costs of raw materials	**1,489,612**	**36.5**	852,723	33.9	636,889	74.7
Employee benefit expenses	**1,126,234**	**27.6**	804,325	31.9	321,909	40.0
Depreciation	**198,998**	**4.9**	191,018	7.6	7,980	4.2
Others	**285,164**	**7.0**	182,489	7.2	102,675	56.3
	3,100,008	**76.0**	2,030,555	80.7	1,069,453	52.7

Cost of sales as a percentage of total revenue decreased from 80.7% in 1HF2021 to 76.0% in 1HF2022. 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$2,030.6 million in 1HF2021 to approximately HK$3,100.0 million in 1HF2022 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

	Six months ended 30 September					
	2021		2020			
	Gross Profit	**Gross Profit margin**	Gross Profit	Gross Profit margin	Change	
	HK$'000	**%**	*HK$'000*	%	*HK$'000*	%
Intimate wear	**569,853**	**24.4**	206,610	18.7	363,243	175.8
Sports products	**243,378**	**23.5**	121,549	18.6	121,829	100.2
Consumer electronics components	**58,181**	**25.0**	26,804	23.5	31,377	117.1
Bra pads and moulded products	**45,355**	**23.5**	24,395	20.6	20,960	85.9
Footwear	**39,276**	**23.0**	37,942	24.6	1,334	3.5
Fabric masks	**24,564**	**22.0**	69,735	18.7	(45,171)	(64.8)
	980,607	**24.0**	487,035	19.3	493,572	101.3

Our overall gross profit increased from approximately HK$487.0 million in 1HF2021 to approximately HK$980.6 million in 1HF2022. The gross profit margin in 1HF2022 increased by 4.7 percentage points to 24.0%, as compared to 19.3% in 1HF2021.

Such increase was mainly due to:

1) improvement in production efficiency and remarkable increase in revenue leading to economy of scale.

2) Partially off-set by a decrease in gross profit margin of footwear by 1.6 percentage points, due to the footwear production has been relocated from Shenzhen to Vietnam Factory, and its production efficiency has been gradually ramped up in 1HF2021.

Other Income

Our other income consists primarily of government grants and scrap sales income. It decreased from approximately HK$23.4 million in 1HF2021 to approximately HK$14.7 million in 1HF2022, 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 1HF2022 and 1HF2021, the Group's distribution and selling expenses as a percentage of total revenue remained relatively stable at 2.2% and 2.5% respectively.

Distribution and selling expenses increased from approximately HK$62.7 million in 1HF2021 to approximately HK$90.2 million in 1HF2022, primarily due to the increase in freight and transportation expenses as a result of 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 fees, insurance, operating lease rental of land and buildings, office and administrative expenses, bank charges, exchange loss or gain and others.

General and administrative expenses as a percentage of total revenue decreased from 11.8% in 1HF2021 to 9.8% in 1HF2022, 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$298.1 million in 1HF2021 to approximately HK$399.1 million in 1HF2022, 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 3.6% in 1HF2021 to 3.0% in 1HF2022, due to operating leverage as a result of increase in revenue.

Research and development costs increased from approximately HK$90.9 million in 1HF2021 to approximately HK$124.3 million in 1HF2022, 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$9.5 million and HK$21.3 million were recognised in 1HF2021 and 1HF2022 respectively; and

2) in 1HF2021, 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$35.0 million was distributed to approximately 470 staff.

Finance Income

Finance income represents interest income on bank deposits.

Finance Costs

Finance costs represent interest expense on borrowings. Our finance costs as a percentage of total revenue decreased from 2.5% in 1HF2021 to 1.6% in 1HF2022, due to more efficient use of banking facilities and operating leverage as a result of increase in revenue.

The Group's finance costs have remained relatively stable in terms of absolute amount for both 1HF2021 and 1HF2022.

Income Tax Expense

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

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits in 1HF2022 and 1HF2021. The applicable tax rate for the PRC subsidiaries of the Group is 25% in 1HF2022 and 1HF2021.

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., a subsidiary holding the production facility at VSIP Hai Phong 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 recorded an income tax expense amounted approximately HK$46.6 million in 1HF2022, as compared to an income tax credit amounted approximately HK$14.7 million as a result of accounting loss making in 1HF2021.

Net Profit/(Loss)

As a result of the cumulative effect of the above factors, our net profit in 1HF2022 was approximately HK$254.3 million, increased from a net loss amounted approximately HK$32.4 million in 1HF2021. Our net profit margin in 1HF2022 was 6.2%, increased from a net loss margin of 1.3% in 1HF2021.

Excluding the one-off restructuring costs (included in other operating expenses), our net profit was approximately HK$275.6 million in 1HF2022, with a net profit margin of 6.8%.

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 30 September 2021, primarily due to a greater increase in current assets than current liabilities.

As at 30 September 2021, the Group's net debt (represented by bank borrowings less the cash and cash equivalents) was approximately HK$3,655.7 million. Net gearing ratio, which was calculated as net debt divided by total equity, improved from 115.3% as at 31 March 2021 to 110.4% as at 30 September 2021.

Working Capital Management

	As at	
	30 September 2021 *(days)*	31 March 2021 *(days)*
Receivables turnover days	**58**	55
Payables turnover days	**30**	31

The receivables turnover days and payables turnover days have remained healthy and stable at 58 and 30 days respectively as at 30 September 2021.

Capital Expenditures

For 1HF2022, the total addition to property, plant and equipment, right-of-use assets and intangible assets amounted to approximately HK$316.7 million (1HF2021: HK$181.1 million), which was mainly attributable additions of production lines and construction of our production facilities to cope with the Group's overall business expansion.

Pledged Assets

As at 30 September 2021 and 31 March 2021, insurance policy investments in the amount of approximately HK$71.0 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 minimise the currency translation risk.

Contingent Liabilities

As at 30 September 2021 and 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 30 September 2021, the Group employed a total of 46,191 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$1,455.4 million, representing 35.7% 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 communication 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 12 November 2021, the Company and Mr. Hung Yau Lit entered into the Sale and Purchase Agreement in relation to disposal of the entire issued share capital of one of the Company's subsidiary and its subsidiaries ("**Target Group**") to Mr. Hung Yau Lit, at a total consideration of HK$120,000,000, with reference to unaudited combined net asset value of the Target Group.

The disposal of the Target Group ("**Disposal**") involves the disposal of a land piece. Mr. Hung Yau Lit will be responsible for the facilities construction in accordance with the land use. This will lower the Group's capital expenditure and improve the Group's liquidity. As such, the Group will enjoy a better financial position and the proceeds from the Disposal will further strengthen the cash flow of the Group. The Disposal will enable the Group to focus on its current business and enhance the flexibility to allocate its resources for innovative research and products development, which further increase the Group's competitiveness in the market. The Directors also consider the disposal of the Land to Mr. Hung Yau Lit could enhance the Group's opportunities to use the facilities built over the land by way of leasing in the future, which could improve the overall operation efficiency of the Group.

Upon the completion of the Disposal, the Company will cease to hold any interests in the Target Group and its financial results will cease to be consolidated into the financial statements of the Group.

FUTURE PROSPECTS AND STRATEGIES

Market trend analysis

Affected by changes in the macro environment, market trends as well as consumer demand for underwear, sports products and consumer electronics have changed quite notably. To companies with shrewd foresight and ability to offer consumers suitable solutions, those changes represent abundant business opportunities. The higher the demand for product functionality and innovation, the more it is in favour of Regina Miracle.

For underwear, comfort and health remain the key attributes consumers are looking for. In all different scenarios, protection, support and shape are prerequisites. In addition, as women become more discerning in their choice of specialised underwear, such underwear sub-categories as plus size bras, nursing bras and sanitary shorts, are gaining attention.

As early as a decade ago, Regina Miracle saw the potential in the sports underwear market, which has moved into fast development in recent years with almost all major sports brands recording growth in the segment. On the product front, professional sports and casual daily products are in high demand on the market. Accordingly, the Group has to provide different product solutions to meet different functional requirements. A complement to sports underwear, leggings are also growingly popular among consumers, particularly those pairing with sports bras or sports bra tops as part of the outfit.

As for consumer electronics, it is one of the product categories that have thrived amid the Pandemic, and the industry at large has also seen faster growth. "Metaverse" has become a key project for the cyber world, with technology giants and cyber game companies racing to invest in related fields. Spurred by such trends, using soft goods in electronic products has become more prevalent. Able to using cloth or cotton to give a better and more comfortable feel on prolonged use of a product, the Group has an advantage in expanding this cross-sector business.

Relative to the European and U.S. markets gradually recovering, the PRC market has seen more notable growth. E-commerce underwear brands, in particular, have been sprouting. At the same time, with the government calling on people to keep fit and healthy, the sports craze has added fuel. Aware of the enormous potential of the PRC market, the Group decided to expand the market around the time the Pandemic first hit, which looking back proved to be critical. Thanks to that, the Group now has a strong impetus to grow its business in the coming years.

Furthermore, more consumers today are embracing environmental protection concepts, thus having new product requirements from materials to craftsmanship. And, the Group has also been working with those in its core supply chain to develop greener craftsmanship and materials. Its bio-based sponge, in particular, certified by the U.S. Food and Drug Administration ("**FDA**"), is the first of its kind in the underwear industry, and is widely recognised and adopted by underwear and sports brands.

Insist on innovation-driven development, bolstering strengths, expanding multiple business segments, opening doors to a golden era of development

The Pandemic, which has prevailed for close to two years, has wreaked erratic challenges in macro environment, such as strained supply chains, drastic hikes in raw material costs, changes in freight costs and cycles, and the "double restrictions" in the PRC. Such challenges, however, have been the "watershed" of polarisation in industry competition. Regina Miracle has stayed true to its original aspiration and insisted on driving development with innovation. It firmly believes on top of working hard to maximise profit, a business should also aim for sustainable development. With more than 20 years of innovation-driven development under its belt, the Group has acquired a number of competitive industry edges and opened the golden era of development for its different business segments.

Continuous upgrade of core technologies cements technological barriers

Committed to technological innovation, the Group has continually upgraded its three core technologies. In recent years, it has also set up a special Manufacture Innovation Center ("**MIC**") for developing customised machinery and equipment with cutting-edge technologies, in a bid to ensure it has industry-leading and exclusive innovative technologies. Moreover, the team also keeps revolutionising production crafts and developing new production equipment to support product innovation and, via full use of templates and automation, to boost mass production efficiency and stability. To protect its proprietary technologies, the Group holds more than 140 patents and has many technology trademarks registered. In addition, the Group is a state-level high-tech enterprise and owns an industry-leading national laboratory. Such technological breakthroughs, innovative craftsmanship, capability in production equipment development and automation have given Regina Miracle high and strong technological barriers hard for others to cross.

A brand matrix with high growth potential is in place

Having extended application of its three core technologies across industries and product lines, the Group now operates three main business segments: underwear, sports and consumer electronics. All of the Group's partners are top quality brands in the industry and have long-term cooperative relationship with it. It has worked for close to two decades with most of its underwear brand partners and nearly a decade with most of its sports brand partners. As for consumer electronics partners, the Group has started cooperating closely with them ever since soft goods became popular in the industry. The three segments together have given the Group a brand partnership matrix that permits it to open up more room for expanding business in the future, as well as more comprehensive capabilities to resist industry risks.

Win-win and mutually beneficial strategic cooperative relationship with loyal brand partners

With market acumen and cutting-edge innovative technologies, Regina Miracle continues to supply market-leading innovative products to brand partners. Those unique technologies and leading innovative products have ensured the steady growth in market share for the Group as well as for its brand partners. Furthermore, affording products of consistent quality and timely delivery has seen Regina Miracle become a trusted partner of major brands.

A maturing multi-regional production capacity layout

After about five years of deploying capacities and building teams overseas, the Group's production capacity in Vietnam has advantages in terms of scale, fast capacity ramp-up and quality output. In addition, via rolling out digitised management, the Group can better and more flexibly coordinate overall planning and deployment of production capacities, as well as achieve more timely and efficient on-site management, thus laying a solid foundation for future expansion of its multiple businesses.

The planned Zhaoqing Industrial Park in the GBA is an important part of the Group's effort to expand the PRC market. To fully support international brand partners in developing the PRC market and to strengthen exploration of new opportunities by the Group itself with emerging online brands and other channels in the market, the management is planning to relocate the production base in Mainland China to the Zhaoqing New District by the end of 2023. The factory will mainly produce intimate wear, sportswear and consumer electronics components, to capture the tremendous potential of the mainland market. With a gross floor area of approximately 390,000 square metres, 50% larger than the existing Shenzhen factory, the new factory will be developed into a highly-intelligent futuristic factory with much higher production efficiency. Subsequent to the period under review, on 12 November 2021, the Group sold the land in Zhaoqing New District to its Chairman Mr. Hung, with the Industrial Park thus became his personal investment, while the Group will be a tenant of the Industrial Park. The move will allow the Group to lower capital expenditure and improve liquidity, thus maintaining a sound financial position and enhancing cash flow. The Group will also be able to focus on developing its existing business and enhance flexibility in allocating resources for innovative research and products development, which is conducive to buttressing its competitiveness in the market.

New five-year plan for Fiscal 2022-2026 to capitalize on the golden era of development

For five years after listing, the Group has kept innovating in craftsmanship and production equipment, pushing forward digitalisation and production automation, plus optimising capacity layout in Vietnam. Regina Miracle has a solid business foundation, a robust network of brand partners and product matrix now. All these advantages have enabled it to stand out more prominently in the challenging environment bred by the Pandemic and forge strong strategic ties with brand partners, which in turn cemented industry leadership. Well-positioned in the market with an established presence in Vietnam and limited investment expected in the future, the Group is ready to fully capitalise on its golden era of growth in the next five years.

With the Group moving into the next mile of development, the management has re-examined the status of the Group's businesses and formulated a new five-year plan for Fiscal 2022 to 2026. On the premise that the Pandemic remains under control, The management expects that the Group, armed with a leading edge in innovative R&D and strong growth momentum, will retain robust growth in Fiscal 2022, continuing to record considerable increment in Fiscal 2023 and 2024 and steady growth in Fiscal 2025 and 2026. The management's optimism for the next five years is founded on a number of favourable drivers.

In terms of business development, firstly, the Group has seen orders for its core intimate wear products surpassing levels in previous years, with sound growth expected to continue in the next few years on fervent market demand for innovative products. Secondly, with the entire sports segment booming, the Group has begun to venture beyond its well-received sports bras and extend into the chic athleisure sports apparel category that include such products as sports leggings, where the Group has innovative R&D capabilities and production capacity. It is confident of replicating the growth trajectory of sports bras for the sports leggings. Furthermore, consumer electronics components are entering a period of rapid growth riding the "Metaverse" fever, with sales expected to increase considerably in the coming years. The major sports brands and consumer electronics components partners have worked with the Group to formulate growth plans for business cooperation in the next five years. Based on the optimistic growth currently estimated, the management is confident in the development prospects of these businesses. As for the footwear business, the Group is focusing currently on working with its U.S. casual footwear brand partner and the two companies have grown together over the past few years. With greater product variety, it believes it has a strong foundation for furthering healthy growth of the business.

In terms of product mix, the Group will shift toward a more favourable direction. In addition to growth opportunity in average selling price driven by the innovation-led high value-added products it develops, having strong innovation capabilities will also bring to the Group opportunities in cross-category product expansion.

On the market front, the Group will keep cultivating the rebounding European and U.S. markets and strengthen its close ties with existing international brand partners, while stepping up cooperation with young and fast-growing new brand partners. In the promising PRC market, it has just started its journey, yet already achieved good initial results, and it expects the sales contribution from new retail channels to increase considerably.

To support the fast-growing business, the Group has adequate production capacity. The capacity utilisation of the Group's existing Vietnamese facilities continues to increase, which complemented by automation-oriented production and digitised management, will drive further production capacity growth. As a result, the Group's planned production capacity can meet order demands of brand partners as well as its own in the coming years. Scheduled to commence mass production by the end of 2023 (i.e. the second half of Fiscal 2024), the new Zhaoqing Industrial Park will be able to support business growth for Fiscal 2025 to 2026 under its five-year plan.

Regarding profit, the management also expects the Group to record a significant rise in profit for this fiscal year and continuous steady increases in the next few years, growing stronger than revenue. This was attributable to the Group developing more high-value added products with better margin profile, achieving higher production efficiency with workers maturing in their skills, increased automation, digitised management and lean production planning, as well as attaining operating leverage from raising economies of scale by adding more production lines in Vietnam, while reducing and maintaining stable future capital expenditure. All of the above will help decrease depreciation expenses ratio and other fixed operating expenses. Also mindful of the volatility of exchange rates, the management will continue to monitor foreign currency exchange exposure and take prudent measures to minimise related risks whenever deemed fit.

Better profitability also helps the Group attain a healthier cash flow and financial position. With sales growth and profit continuing to increase, plus the first stage of the capacity deployment plan in Vietnam completed, capital expenditure will lower considerably in the year ahead, meaning the Group can hope to have more operating cash flows to gradually reduce debt in the coming few years and see its net gearing ratio come down to a healthier level, enabling it to concentrate resources on expanding business in the years ahead.

Conclusion

Having world-leading industry strengths and shrewd insights of market trends and user requirements, the Group will firmly adhere to its innovation-driven development strategy, maintain its R&D advantages, and keep abreast of and respond swiftly to market demands, so as to develop innovative products that can satisfy consumer needs. In addition, Regina Miracle will seek to make the best of its multi-regional production capacity layout to open markets together with its brand and supply chain partners for win-win development. In addition to business development, the management will also continue to contribute to sustainability by focusing on carbon reduction, waste management, sustainable innovation and people and community, thereby realise sustainability through solidarity with all stakeholders.

The Group owed its commendable business performance for the Period to the unwavering support of its shareholders, particularly when the industry faced challenges brought by the Pandemic. It was the dedication of the Board, the management team, and all staff, especially those who stayed in Vietnam due to the travel restrictions and the quarantine measures, which saw the Group ride out the storms. Moving forward, the management pledges to elevate Regina Miracle to new heights and create long-term value for shareholders.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 September 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK6.8 cents (the "**Interim Dividend**") (2020: Nil) per ordinary share for the six months ended 30 September 2021 payable on or about Thursday, 23 December 2021 to all shareholders of the Company whose names appear on the register of members of the Company on Wednesday, 15 December 2021.

CLOSURE OF REGISTER OF MEMBERS FOR INTERIM DIVIDEND

For the purpose of ascertaining the shareholders' entitlement for the Interim Dividend, the register of members of the Company will be closed from Tuesday, 14 December 2021 to Wednesday, 15 December 2021, both days inclusive, during which no transfer of shares will be registered. To qualify for the Interim 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. on Monday, 13 December 2021.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board and the management of the Group are committed to the maintenance of good corporate governance practices and procedures. 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 Corporate Governance Code and Corporate Governance Report (the "**CG Code**") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") throughout the six months ended 30 September 2021.

According to code provision A.2.1 of the CG Code, 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 the 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company 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 the guidelines for the Directors' dealings in the securities of the Company. 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 throughout the six months ended 30 September 2021.

AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference in compliance with the CG Code. The Audit Committee consists of three independent non-executive Directors, namely, Dr. Or Ching Fai, Mrs. To Wong Wing Yue Annie and Ms. Tam Laiman. Dr. Or Ching Fai is the chairman of the Audit Committee. 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 Group's independent auditor, PricewaterhouseCoopers, the accounting principles and practices adopted by the Group and discussed auditing, internal controls, and financial reporting matters including the review of the unaudited interim financial information. In addition, the Group's independent auditor has carried out a review of the unaudited interim results in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of The Stock Exchange of Hong Kong Limited at (www.hkexnews.hk) and that of the Company at (www.reginamiracleholdings.com). The interim report of the Company for the six months ended 30 September 2021 will be despatched to the shareholders of the Company and made available on the website of The Stock Exchange of Hong Kong Limited and that of 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 Period.

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

Hong Kong, 29 November 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.