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 2023

FINANCIAL HIGHLIGHTS

	Six months ended 30 September				
	2023		2022		
	HK$'000	**%**	*HK$'000*	%	Change
Revenue	**3,544,797**	**100.0**	4,613,295	100.0	(23.2%)
Gross profit	**842,710**	**23.8**	1,168,415	25.3	(27.9%)
Profit attributable to owners of the Company	**106,823**	**3.0**	312,965	6.8	(65.9%)
Earnings before interest, taxes, depreciation and amortisation#	**556,225**	**15.7**	811,016	17.6	(31.4%)
Adjusted profit attributable to owners of the Company#*	**196,574**	**5.5**	362,686	7.9	(45.8%)
Adjusted earnings before interest, taxes, depreciation and amortisation#*	**645,976**	**18.2**	860,737	18.7	(25.0%)

	Six months ended 30 September 2023		Six months ended 31 March 2023		
	HK$'000	**%**	*HK$'000*	%	Change
Revenue	**3,544,797**	**100.0**	3,265,992	100.0	8.5%
Gross profit	**842,710**	**23.8**	733,696	22.5	14.9%
Profit attributable to owners of the Company	**106,823**	**3.0**	70,293	2.2	52.0%
Earnings before interest, taxes, depreciation and amortisation#	**556,225**	**15.7**	498,997	15.3	11.5%
Adjusted profit attributable to owners of the Company#*	**196,574**	**5.5**	95,964	2.9	104.8%
Adjusted earnings before interest, taxes, depreciation and amortisation#*	**645,976**	**18.2**	524,668	16.1	23.1%

	HK cents	*HK cents*
Earnings per share – basic and diluted	**8.7**	25.6
Dividend per share	**3.5**	8.5

These are not measures 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. They may not be comparable to similar measures presented by other companies.

* Adjusted profit attributable to owners of the Company and adjusted earnings before interest, taxes, depreciation and amortisation are derived by excluding restructuring cost and share of net losses/profits of associates accounted for using the equity method.

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 2023 ("**1HF2024**" or the "**Period**"), together with the comparative figures for the corresponding year in 2022 ("**1HF2023**").

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2023

		Six months ended 30 September	
	Note	**2023** ***HK$'000*** **(Unaudited)**	2022 *HK$'000* (Unaudited)
Revenue	*4*	**3,544,797**	4,613,295
Cost of sales	*6*	**(2,702,087)**	(3,444,880)
Gross profit		**842,710**	1,168,415
Other income, net	*5*	**10,713**	26,556
Distribution and selling expenses	*6*	**(77,578)**	(103,372)
General and administrative expenses	*6*	**(268,971)**	(393,259)
Research and development costs	*6*	**(128,663)**	(125,955)
Other operating expenses	*6*	**(90,273)**	–
Operating profit		**287,938**	572,385
Finance income		**1,290**	1,409
Finance costs		**(154,716)**	(146,181)
Finance costs, net	*7*	**(153,426)**	(144,772)
Share of net profits/(losses) of associates accounted for using the equity method		**522**	(49,721)
Profit before income tax		**135,034**	377,892
Income tax expenses	*8*	**(28,211)**	(64,927)
Profit for the period attributable to owners of the Company		**106,823**	312,965
Earnings per share attributable to owners of the Company (expressed in HK cents per share)			
– Basic and diluted	*9*	**8.7**	25.6

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 September 2023

	Six months ended 30 September **2023** *HK$'000* (Unaudited)	2022 *HK$'000* (Unaudited)
Profit for the period	**106,823**	312,965
Other comprehensive loss		
Items that have been reclassified or may be subsequently reclassified to profit or loss		
Currency translation differences	**(428,489)**	(426,976)
Fair value loss on insurance policy investments, net	**(624)**	(17,293)
Fair value change on trade receivables carried at fair value through other comprehensive income ("**FVOCI**")	**29,194**	22,954
Reclassification of trade receivables FVOCI reserve to factoring interests and charges upon disposals	**(29,511)**	(23,123)
Sharing of the result of an associate	**283**	(16,223)
Other comprehensive loss for the period, net of tax	**(429,147)**	(460,661)
Total comprehensive loss for the period attributable to owners of the Company	**(322,324)**	(147,696)

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2023

	Note	**As at 30 September 2023** *HK$'000* **(Unaudited)**	As at 31 March 2023 *HK$'000* (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**4,328,724**	4,246,304
Right-of-use assets		**445,604**	478,359
Intangible assets		**30,269**	31,295
Insurance policy investments		**207,615**	202,155
Deposits and prepayments		**124,307**	380,978
Investments in associates		**362,753**	381,505
Deferred income tax assets		**57,316**	57,316
		5,556,588	5,777,912
Current assets			
Inventories		**1,254,033**	1,437,829
Trade receivables	*10*	**1,078,957**	710,534
Deposits, prepayments and other receivables		**119,105**	74,347
Tax recoverable		**2,833**	1,302
Restricted bank deposits		**374**	5,338
Cash and cash equivalents		**460,847**	675,028
		2,916,149	2,904,378
Total assets		**8,472,737**	8,682,290
EQUITY			
Equity attributable to owners of the Company			
Share capital		**95,247**	95,247
Reserves		**3,129,691**	3,452,015
Total equity		**3,224,938**	3,547,262

	Note	As at 30 September 2023 HK$'000 (Unaudited)	As at 31 March 2023 HK$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Borrowings	*11*	**3,695,545**	3,638,548
Other payables		**33,116**	37,728
Lease liabilities		**90,326**	99,253
Deferred income tax liabilities		**49,335**	40,691
		3,868,322	3,816,220
Current liabilities			
Trade payables	*12*	**432,788**	340,327
Accruals and other payables		**479,032**	426,399
Lease liabilities		**53,403**	61,194
Borrowings	*11*	**354,367**	319,988
Current income tax liabilities		**59,887**	170,900
		1,379,477	1,318,808
Total liabilities		**5,247,799**	5,135,028
Total equity and liabilities		**8,472,737**	8,682,290

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 holding company and its subsidiaries are principally engaged in the manufacturing and trading of intimate wear, sports products, consumer electronics components, bra pads and other accessory products and footwear.

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 2023.

This interim condensed consolidated financial information has been reviewed, not audited.

2 BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 September 2023 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 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**").

3 ACCOUNTING POLICIES

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 2023, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings. Accounting policies not described in the annual financial statements for the year ended 31 March 2023, and the adoption of amended standards effective for the financial year ending 31 March 2023 are described below.

(a) New and amended standards adopted by the Group

The following new and amended standards are mandatory and have been adopted by the Group for the first time for the financial periods beginning on 1 April 2023.

HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies
HKAS 8 (Amendments)	Definition of Accounting Estimates
HKAS 12 (Amendments)	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction
HKAS 12 (Amendments)	International Tax Reform – Pillar Two Model Rules
HKFRS 17	Insurance Contracts
HKFRS 17 (Amendments)	Amendments to HKFRS 17
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information

The adoption of the above new and amended standards did not have any significant impact on the results and financial position of the Group.

(b) **Amendments and interpretation to existing standards not yet adopted by the Group**

The following amendments and interpretation to existing standards have been issued but are not effective for the financial year beginning on or after 1 April 2023 and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 April 2024
HKAS 1 (Amendments)	Non-current Liabilities with Covenants	1 April 2024
HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback	1 April 2024
HK Int 5 (Revised)	Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 April 2024
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements	1 April 2024
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has not adopted above amendments and interpretation to existing standards that are not yet effective for this interim reporting period. The Group anticipates that the application of the above amendments and interpretation 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.

During the six months ended 30 September 2023, the CODM assessed the performance of the Group mainly from the product perspective. The Group is organised into five segments engaged in manufacturing and trading of:

(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 – manufacturing and trading of virtual reality ("**VR**") headset and tablet accessories.

(iv) Bra pads and other accessory products – manufacturing and trading of bra pads, fabric masks, one-piece molded hats and other accessory products.

(v) Footwear – manufacturing and trading of casual shoes.

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.

The segment results for the six months ended 30 September 2023 are as follows:

	Six months ended 30 September 2023					
	Intimate wear *HK$'000* **(Unaudited)**	**Sports products** *HK$'000* **(Unaudited)**	**Consumer electronics components** *HK$'000* **(Unaudited)**	**Bra pads and other accessory products** *HK$'000* **(Unaudited)**	**Footwear** *HK$'000* **(Unaudited)**	**Total** *HK$'000* **(Unaudited)**
Total segment revenue (Recognised at a point in time)	**2,210,726**	**994,245**	**160,347**	**134,834**	**44,645**	**3,544,797**
Gross profit/segment results	**544,451**	**227,682**	**32,069**	**30,472**	**8,036**	**842,710**
Other income, net						**10,713**
Distribution and selling expenses						**(77,578)**
General and administrative expenses						**(268,971)**
Research and development costs						**(128,663)**
Other operating expenses						**(90,273)**
Finance income						**1,290**
Finance costs						**(154,716)**
Share of net profits of associates accounted for using the equity method						**522**
Profit before income tax						**135,034**
Income tax expenses						**(28,211)**
Profit for the period						**106,823**

Other segment items included in the interim condensed consolidated income statement for the period ended 30 September 2023 is as follows:

	Six months ended 30 September 2023					
	Intimate wear *HK$'000* **(Unaudited)**	**Sports products** *HK$'000* **(Unaudited)**	**Consumer electronics components** *HK$'000* **(Unaudited)**	**Bra pads and other accessory products** *HK$'000* **(Unaudited)**	**Footwear** *HK$'000* **(Unaudited)**	**Total** *HK$'000* **(Unaudited)**
Depreciation for property, plant and equipment and right-of-use assets included in cost of sales	**129,824**	**55,392**	**14,168**	**10,188**	**2,397**	**211,969**

Depreciation for property, plant and equipment and right-of-use assets of approximately HK$211,969,000 (2022: HK$213,425,000) has been charged in "cost of sales", approximately HK$48,412,000 (2022: HK$62,853,000) has been charged in "general and administrative expenses" and approximately HK$3,543,000 (2022: HK$7,901,000) has been charged in "research and development costs", respectively.

The segment results for the six months ended 30 September 2022 are as follows:

	Six months ended 30 September 2022					
	Intimate wear *HK$'000* (Unaudited)	Sports products *HK$'000* (Unaudited)	Consumer electronics components *HK$'000* (Unaudited)	Bra pads and other accessory products *HK$'000* (Unaudited)	Footwear *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Total segment revenue (Recognised at a point in time)	2,464,349	1,483,716	258,319	213,047	193,864	4,613,295
Gross profit/segment results	652,756	357,994	64,580	49,853	43,232	1,168,415
Other income						26,556
Distribution and selling expenses						(103,372)
General and administrative expenses						(393,259)
Research and development costs						(125,955)
Finance income						1,409
Finance costs						(146,181)
Share of net losses of associates accounted for using the equity method						(49,721)
Profit before income tax						377,892
Income tax expenses						(64,927)
Profit for the period						312,965

Other segment items included in the interim condensed consolidated income statement for the period ended 30 September 2022 is as follows:

	Six months ended 30 September 2022					
	Intimate wear *HK$'000* (Unaudited)	Sports products *HK$'000* (Unaudited)	Consumer electronics components *HK$'000* (Unaudited)	Bra pads and other accessory products *HK$'000* (Unaudited)	Footwear *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Depreciation for property, plant and equipment and right-of-use assets included in cost of sales	107,820	64,986	20,082	12,607	7,930	213,425

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

	Six months ended 30 September	
	2023 ***HK$'000*** **(Unaudited)**	2022 *HK$'000* (Unaudited)
Unites States	**1,603,779**	2,211,891
The People's Republic of China (the "**PRC**")	**802,296**	867,996
Europe	**388,657**	566,199
Japan	**213,444**	266,122
South-east Asia *(Note a)*	**130,746**	135,907
Canada	**106,812**	131,394
Korea	**61,006**	70,722
Hong Kong	**55,879**	89,848
Latin America	**48,967**	72,869
South Asia *(Note b)*	**30,980**	64,708
Other countries/regions *(Note c)*	**102,231**	135,639
	3,544,797	4,613,295

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

Note b: Includes Bangladesh, Sri Lanka and India.

Note c: Includes Taiwan, Australia, New Zealand 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 tax assets and insurance policy investments, of the Group are located in the following geographical areas:

	As at 30 September 2023 *HK$'000* **(Unaudited)**	As at 31 March 2023 *HK$'000* (Audited)
The PRC	**1,245,679**	1,322,687
Hong Kong	**137,018**	45,280
Vietnam	**3,906,823**	4,144,573
	5,289,520	5,512,540

5 OTHER INCOME, NET

	Six months ended 30 September	
	2023 *HK$'000* **(Unaudited)**	2022 *HK$'000* (Unaudited)
Scrap sales income	**6,609**	7,545
Government grants *(Note)*	**851**	15,917
Others	**3,253**	3,094
	10,713	26,556

Note: During the six months ended 30 September 2023, government grants obtained mainly represented one-off training subsidies and technical innovation subsidies from the PRC Government.

During the six months ended 30 September 2022, government grants obtained mainly represented one-off training subsidies and technical innovation subsidies from the PRC Government and salaries and wages subsidies granted under the Anti-Epidemic Fund by the Government of the Hong Kong Special Administrative Region for the use of paying wages of employees from May to July 2022.

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 2023 *HK$'000* (Unaudited)	2022 *HK$'000* (Unaudited)
Depreciation of property, plant and equipment	**231,010**	240,981
Depreciation of right-of-use assets	**32,914**	43,198
Amortisation of intangible assets	**3,841**	4,173
Cost of inventories sold	**1,345,980**	1,698,242
(Reversal of)/provision for loss allowance of trade receivables	**(1,977)**	4,356
Employee benefit expenses	**1,171,699**	1,566,788
Restructuring costs *(Note)*	**90,273**	–

Note: During the six months ended 30 September 2023, severance payments of approximately HK$85,997,000 and write-off of fixed assets of approximately HK$4,276,000 incurred as a result of the reallocation of human resources and production capacity between Shenzhen and Zhaoqing (2022: Nil). Such restructuring costs are charged to "other operating expenses" in the interim condensed consolidated income statement.

7 FINANCE COSTS, NET

	Six months ended 30 September 2023 *HK$'000* (Unaudited)	2022 *HK$'000* (Unaudited)
Finance income		
– interest income on bank deposits	**1,290**	1,409
Finance costs		
– interest expense on borrowings and factoring interests	**(149,891)**	(141,470)
– interest expense on lease liabilities	**(4,825)**	(4,711)
	(154,716)	(146,181)
Finance costs, net	**(153,426)**	(144,772)

8 INCOME TAX EXPENSES

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits for the six months ended 30 September 2023.

The applicable tax rate for the PRC subsidiaries of the Group is 25% (2022: 25%) for the six months ended 30 September 2023.

According to a policy promulgated by the State Tax Bureau of the PRC (the "**PRC Tax Authority**") and effective from 2008 onwards, enterprises engaged in research and development activities are entitled to claim 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**"). The PRC Tax Authority has further issued a notice to announce on a further increase of the Super Deduction claim to 200% from 2022 onwards.

The subsidiaries established and operated in Vietnam were subject to corporate income tax at a rate of 20% (2022: 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. Starting from the year ended 31 March 2023, 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 first year of this tax reduction period commenced in the financial year ended 31 March 2023.

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

	Six months ended 30 September	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current income tax	**(18,210)**	(82,100)
Deferred income tax	**(10,001)**	17,173
Income tax expenses	**(28,211)**	(64,927)

9 EARNINGS PER SHARE

(a) Basic

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

	Six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company *(HK$'000)*	**106,823**	312,965
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)	**8.7**	25.6

(b) Diluted

Diluted earnings per share for the six months ended 30 September 2023 and 2022 is the same as the basic earnings per share as there were no potentially dilutive ordinary shares issued.

10 TRADE RECEIVABLES

	As at 30 September 2023	As at 31 March 2023
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables		
– carried at amortised cost	**884,209**	563,005
– carried at FVOCI	**203,875**	158,633
	1,088,084	721,638
Less: loss allowance of trade receivables	**(9,127)**	(11,104)
	1,078,957	710,534

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

	As at 30 September 2023 *HK$'000* **(Unaudited)**	As at 31 March 2023 *HK$'000* (Audited)
0–30 days	**536,985**	356,792
31–60 days	**109,615**	207,241
61–90 days	**180,449**	47,687
Over 90 days	**261,035**	109,918
	1,088,084	721,638

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 2023, included in the Group's trade receivables were amounts due from associates and related parties of approximately HK$198,160,000 (As at 31 March 2023: HK$67,610,000).

11 BORROWINGS

	As at 30 September 2023 *HK$'000* **(Unaudited)**	As at 31 March 2023 *HK$'000* (Audited)
Bank borrowings		
Non-current	**3,695,545**	3,638,548
Current	**354,367**	319,988
	4,049,912	3,958,536

	Six months ended 30 September	
	2023 *HK$'000* **(Unaudited)**	2022 *HK$'000* (Unaudited)
Opening balance as at 1 April	**3,958,536**	4,264,060
Proceeds from new borrowings	**2,480,711**	2,085,174
Repayments of borrowings	**(2,389,335)**	(2,303,111)
Closing balance as at 30 September	**4,049,912**	4,046,123

As at 30 September 2023, total undrawn trading and term loan facilities amounted to approximately HK$3,634,955,000 (31 March 2023: HK$3,783,610,000).

As at 30 September 2023, the Group's borrowings bore floating rates and the effective interest rate of the outstanding bank borrowings was 7.2% per annum (31 March 2023: 5.4% per annum).

As at 30 September 2023 and 31 March 2023, bank borrowings were secured by corporate guarantees provided 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 2023	As at 31 March 2023
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0–30 days	**369,196**	280,175
31–60 days	**38,866**	55,184
61–90 days	**19,906**	107
Over 90 days	**4,820**	4,861
	432,788	340,327

13 DIVIDENDS

Final dividend of the Company of HK1.8 cents per ordinary share, totalling HK$22,037,000 for the year ended 31 March 2023 has been paid out in October 2023.

The Board has resolved to declare an interim dividend of the Company of HK3.5 cents (2022: HK8.5 cents) per ordinary share, totalling approximately HK$42,849,000 for the six months ended 30 September 2023 (2022: HK$104,061,000).

14 COMMITMENTS

	As at 30 September 2023	As at 31 March 2023
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Contracted but not provided for:		
Property, plant and equipment and right-of-use assets	**302,940**	318,264

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

During the Period, the pace of economic growth slowed due to the sluggish recovery of the global economy, intensifying unilateralism and trade protectionism, and geopolitical tensions. As a result of high inflation in the world's major economies, rising interest rates in related currencies, and continued lukewarm consumer sentiment, overall market recovery was more tepid than expected. Furthermore, the supply chains were consistently adapted in accordance with the external circumstances. While there were marginal improvements in the inventory levels of certain brand partners, the destocking process persisted. With brand partners generally embracing a prudent inventory management strategy, the pace of orders has been consistently adapted, leading to shortened order cycles in the industry as a whole. The end market remains discerning as consumers are increasingly prioritizing products with specialized design, sophisticated production, exquisite aesthetics and superior quality.

Amidst the industry downturn, Regina Miracle has undertaken a comprehensive review of its Innovative Design Manufacturing ("**IDM**") business model, which the Group has been adopting, and has realigned its strategy to prioritize its core business segments. On one hand, the Group has properly streamlined and adjusted its diverse and varying business segments. On the other hand, the Group has enhanced its support tailored to meet the brand partners' demands for products with versatile functions and applications in the Group's core intimate wear and sports products segments, thanks to the advancements and breakthroughs in raw materials and craftsmanship achieved in recent years. Furthermore, the Group has enhanced its partnerships with brand partners to navigate the uncertainties surrounding their operations, aiming to pursue a more sustainable, manageable and secure path for future business expansion. Additionally, the joint venture ("**VS China**") between the Group and Victoria's Secret & Co. ("**Victoria's Secret**") experienced noteworthy growth during the Period, contributing to the Group's sales momentum in Mainland China.

BUSINESS REVIEW

Financial Performance

A more cautious consumer sentiment posed challenges to the textile and retail industries. During the Period, the Group recorded revenue of approximately HK$3,544.8 million (1HF2023: HK$4,613.3 million), representing a year-on-year decrease of 23.2%. Gross profit decreased by 27.9% to approximately HK$842.7 million, with gross profit margin of 23.8% (1HF2023: HK$1,168.4 million and 25.3%, respectively). Earnings before interest, taxes, depreciation and amortization (EBITDA) decreased by 31.4% to approximately HK$556.2 million, with EBITDA margin decreasing by 1.9 percentage points to 15.7% (1HF2023: HK$811.0 million and 17.6%, respectively). The Group recorded a net profit of approximately HK$106.8 million for the Period, representing a year-on-year decrease of 65.9%, with net profit margin of 3.0% (1HF2023: HK$313.0 million and 6.8%, respectively). Excluding restructuring cost and share of net losses/profits of associates accounted for using the equity method, adjusted EBITDA decreased by 25.0% to approximately HK$646.0 million, and adjusted EBITDA margin decreased by 0.5 percentage point to 18.2% (1HF2023: HK$860.7 million and 18.7%, respectively). Adjusted net profit was approximately HK$196.6 million for the Period, representing a year-on-year decrease of 45.8%, with adjusted net profit margin of 5.5% (1HF2023: HK$362.7 million and 7.9%, respectively). Basic earnings per share attributable to owners of the Company was HK8.7 cents (1HF2023: basic earnings per share of HK25.6 cents).

The Board has resolved to declare an interim dividend of HK3.5 cents per share for Fiscal 2024 (1HF2023: HK8.5 cents per share), 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 about Friday, 22 December 2023 to shareholders whose names appear on the register of members of the Company on Thursday, 14 December 2023.

In recent years, the Group has consistently introduced new and inventive products by focusing on craftsmanship innovation and the advancement of automated production equipment, and has diversified its product offerings across various industries and product lines to establish a diversified product matrix. The Group's business operations are categorized into five key segments as outlined below.

Intimate wear

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

During the Period, this segment contributed revenue of approximately HK$2,210.7 million (1HF2023: HK$2,464.3 million), representing a year-on-year decrease of 10.3% and accounting for 62.4% of total revenue, and remained the Group's main source of revenue. The segment's gross profit was approximately HK$544.5 million, with gross profit margin of 24.6% (1HF2023: HK$652.8 million and 26.5%, respectively).

Although consumer sentiment is yet to fully recover, there has been a positive trend in overall orders from the Group's major brand partners, with whom close collaboration is maintained. Revenue for the segment increased by 12.8% on a period-on-period basis. Revenue from orders placed by a significant brand partner in the US market recorded double-digit growth during the Period on a period-on-period basis, while revenue from orders placed by a major brand partner in the Japanese market remained relatively stable. Capitalizing on its market insights and understanding of consumer demands, the Group continued to execute its differentiation strategy based on its leading research and development capabilities and innovative craftsmanship to create high-quality and distinctive products, expand the category offerings in collaboration with its existing brand partners, and, through which, explore potential partnerships with emerging brands.

Sports products

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

This segment contributed revenue of approximately HK$994.2 million during the Period (1HF2023: HK$1,483.7 million), representing a 33.0% year-on-year decrease and accounting for 28.0% of total revenue. Segmental gross profit was approximately HK$227.7 million and gross profit margin was 22.9% (1HF2023: HK$358.0 million and 24.1%, respectively).

During the Period, the sports segment experienced a period-on-period growth of approximately 4.0% in overall revenue. The operating conditions of the Group's sports brand partners varied, with some partners witnessing a return to normal inventory levels from whom there was a resumption of both period-on-period and year-on-year growth in revenue from orders. However, other partners were still in the later stages of destocking, and their order performances had yet to recover during the Period.

In terms of product categories, sports bras showed relatively weak performance during the Period. However, there was a period-on-period recovery observed in sports leggings, while sportswear, which the Group had expanded into as part of its strategy, maintained impressive growth momentum. The Group remains committed to consolidating its market share in sports bras, while capitalizing on the ongoing trend by advancing research and development efforts for new products. The Group will enhance the sports leggings products while actively pursuing expansion into the sportswear segment by focusing on the implementation of seamless bonding craftsmanship.

Consumer electronics components

Consumer electronics components include virtual reality ("**VR**") headset and tablet accessories.

Revenue from this segment during the Period amounted to approximately HK$160.3 million (1HF2023: HK$258.3 million), accounting for 4.5% of total revenue. The segment's gross profit amounted to approximately HK$32.1 million and gross profit margin was 20.0% (1HF2023: HK$64.6 million and 25.0%, respectively). As anticipated by the Group, the launch of a new generation of products by major brand partners in the second half of 2023 facilitated a period-on-period recovery in the revenue from orders during the Period. In addition, the production lines of the segment were successfully relocated to the Zhaoqing production base and operated smoothly throughout the Period, enabling the Group to efficiently meet the demands of its brand partners while ensuring the provision of high-quality production facilities.

Bra pads and other accessory products

Bra pads and other accessory products mainly include bra pads, fabric masks, one-piece molded hats and other accessory products.

During the Period, this segment contributed revenue of approximately HK$134.8 million (1HF2023: HK$213.0 million), accounting for 3.8% of total revenue. The segment's gross profit amounted to approximately HK$30.5 million and gross profit margin was 22.6% (1HF2023: HK$49.9 million and 23.4%, respectively). In particular, revenue from bra pads products recorded a period-on-period increase of 23.0% in line with the recovery of order demand for intimate wear. Additionally, the Group's promotion efforts contributed to the favorable growth of its new product category, which includes one-piece molded hats and other accessory products.

Footwear

Footwear mainly refers to causal shoes.

During the Period, this segment contributed revenue of approximately HK$44.6 million (1HF2023: HK$193.9 million), accounting for 1.3% of total revenue. The segment's gross profit amounted to approximately HK$8.0 million and gross profit margin was 18.0% (1HF2023: HK$43.2 million and 22.3%, respectively). To enhance economies of scale in production, the Group proactively communicated with its brand partners in the previous fiscal year to arrange the termination of its collaboration. This decision resulted in a planned and gradual reduction in production during the Period, allowing for the strategic allocation of released production capacity towards the fast-growing seamless bonding apparel category.

VS China

By fostering integrated and seamless communication, along with an agile supply mechanism, the Group bolstered its growth engine through collaboration with the VS China team by launching differentiated products based on its deep market insights. VS China's revenue amounted to HK$882.9 million in the Group's Fiscal 2024 (from 1 April 2023 to 30 September 2023), representing an increase of 51.1% over the same period last year, and net profit amounted to HK$21.8 million, representing a year-on-year increase of HK$118.0 million. During the Period, VS China became a major brand partner of the Group and contributed significantly and steadily to the revenue of the Group's IDM business.

Production capacity

Seizing the opportunities arising from industry consolidation and supply chain concentration, the Group remains dedicated to continuously enhancing its production processes through four key initiatives: structure verticalization, management intellectualization, equipment automation, and supply chain localization, so as to improve overall efficiency. Vietnam, serving as an important production base for supporting the expansion of the Group's brand partners in the overseas markets, focused on strengthening its economies of scale, scalability and local supply chains during the Period to solidify its leading position in the supply chain. In addition, the relocation to the Zhaoqing production base progressed smoothly. The relocation of the consumer electronics components and bra pads production units was completed in the third quarter of 2023, with gradual commencement of production. The relocation of the intimate wear and sports products production units is expected to be completed before the second quarter of 2024.

During the first half of Fiscal 2024, Vietnam's contribution to the Group's total revenue reached 82% in terms of gross output. The workforce structure in Vietnam continued to prioritize localization efforts. As at 30 September 2023, local employees accounted for 98% of the workforce with the total number amounting to approximately 29,600. In Mainland China, the Shenzhen production base employed around 4,380 individuals, while the Zhaoqing production base had approximately 920 employees.

Revenue

We derive our revenue primarily from direct sales of our products. Our total revenue decreased by 23.2% from approximately HK$4,613.3 million in 1HF2023 to approximately HK$3,544.8 million in 1HF2024.

A comparison of the Group's revenue for 1HF2024 and 1HF2023 by product categories is as follows:

	Six months ended 30 September					
	2023		2022		Change	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Intimate wear	**2,210,726**	**62.4**	2,464,349	53.4	(253,623)	(10.3)
Sports products	**994,245**	**28.0**	1,483,716	32.2	(489,471)	(33.0)
Consumer electronics components	**160,347**	**4.5**	258,319	5.6	(97,972)	(37.9)
Bra pads and other accessory products	**134,834**	**3.8**	213,047	4.6	(78,213)	(36.7)
Footwear	**44,645**	**1.3**	193,864	4.2	(149,219)	(77.0)
	3,544,797	**100.0**	4,613,295	100.0	(1,068,498)	(23.2)

Revenue generated from sales of intimate wear, sports products, consumer electronics components and bra pads and other accessory products decreased by 10.3%, 33.0%, 37.9% and 36.7% respectively from 1HF2023 to 1HF2024. The decrease was primarily due to the decrease in demand from our brand partners as a result of general global economic downturn and the destocking cycle underwent by our consumer brands since second half of Fiscal 2023.

Revenue generated from sales of footwear decreased by 77.0% from 1HF2023 to 1HF2024, due to the Group has taken the initiative to terminate its cooperation with its existing brand partner, reduced production in a moderate and orderly manner as planned in 1HF2024, gradually deploying the released production capacities to the fast-growing seamless bonding apparel category.

	Six months ended 30 September 2023		Six months ended 31 March 2023		Change	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Intimate wear	**2,210,726**	**62.4**	1,960,475	60.0	250,251	12.8
Sports products	**994,245**	**28.0**	952,615	29.2	41,630	4.4
Consumer electronics components	**160,347**	**4.5**	113,159	3.5	47,188	41.7
Bra pads and other accessory products	**134,834**	**3.8**	109,593	3.3	25,241	23.0
Footwear	**44,645**	**1.3**	130,150	4.0	(85,505)	(65.7)
	3,544,797	**100.0**	3,265,992	100.0	278,805	8.5

As compared to second half of Fiscal 2023 ("**2HF2023**"), our revenue increased by 8.5% from approximately HK$3,266.0 million in 2HF2023.

Revenue generated in 1HF2024 from sales of intimate wear, sports products, consumer electronics components and bra pads and other accessory products increased by 12.8%, 4.4%, 41.7% and 23.0% respectively, mainly benefiting from:

a) Revenue generated from intimate wear increased by 12.8% from 2HF2023 to 1HF2024. Overall orders from the major brand partners began to be back on track. The segment has recovered on a period-on-period basis, among which, orders from major brand partners in the US market, when comparing on the same basis, recorded a double-digit growth in 1HF2024.

b) Revenue generated from sales of consumer electronics components increased by 41.7% from 2HF2023 to 1HF2024. With the launch of iterative products by major brand partners in 2HF2023, orders during 1HF2024 recorded a period-on-period recovery.

c) Revenue generated from sales of bra pads and other accessory products increased by 23.0% from 2HF2023 to 1HF2024, which is in line with the recovery of order demand for intimate wear; and one-piece moulded hats and other accessory products, our new category, maintained considerable growth under the strong promotion of the Group.

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					
	2023		2022		Change	
	HK$'000	***%***	*HK$'000*	*%*	*HK$'000*	*%*
Costs of raw materials	**1,345,980**	**38.0**	1,698,242	36.8	(352,262)	(20.7)
Employee benefit expenses	**901,520**	**25.4**	1,209,065	26.2	(307,545)	(25.4)
Depreciation	**211,969**	**6.0**	213,425	4.7	(1,456)	(0.7)
Others	**242,618**	**6.8**	324,148	7.0	(81,530)	(25.2)
	2,702,087	**76.2**	3,444,880	74.7	(742,793)	(21.6)

Cost of sales as a percentage of total revenue increased from 74.7% in 1HF2023 to 76.2% in 1HF2024. This was primarily attributable to the decrease in revenue, leading to a drop in capacity utilization and operating deleverage.

Cost of sales decreased from approximately HK$3,444.9 million in 1HF2023 to approximately HK$2,702.1 million in 1HF2024 primarily due to decrease in costs of raw materials and employee benefit expenses.

Gross Profit and Gross Profit Margin

	Six months ended 30 September					
	2023		2022			
	Gross Profit	**Gross Profit margin**	Gross Profit	Gross Profit margin	Change	
	HK$'000	**%**	*HK$'000*	%	*HK$'000*	%
Intimate wear	**544,451**	**24.6**	652,756	26.5	(108,305)	(16.6)
Sports products	**227,682**	**22.9**	357,994	24.1	(130,312)	(36.4)
Consumer electronics components	**32,069**	**20.0**	64,580	25.0	(32,511)	(50.3)
Bra pads and other accessory products	**30,472**	**22.6**	49,853	23.4	(19,381)	(38.9)
Footwear	**8,036**	**18.0**	43,232	22.3	(35,196)	(81.4)
Gross profit	**842,710**	**23.8**	1,168,415	25.3	(325,705)	(27.9)
Gross profit (excluded depreciation)	**1,054,679**	**29.8**	1,381,840	30.0	(327,161)	(23.7)

Our overall gross profit decreased from approximately HK$1,168.4 million in 1HF2023 to approximately HK$842.7 million in 1HF2024. The gross profit margin in 1HF2024 decreased by 1.5 percentage points to 23.8%, as compared to 25.3% in 1HF2023. Such decrease was mainly due to the drop in capacity utilization and operating deleverage as a result of the decrease in revenue.

Gross profit (excluded depreciation) decreased slightly by 0.2 percentage points from 30.0% in 1HF2023 to 29.8% in 1HF2024.

	Six months ended 30 September 2023		Six months ended 31 March 2023		Change	
	HK$'000	**%**	*HK$'000*	%	*HK$'000*	%
Intimate wear	**544,451**	**24.6**	455,670	23.2	88,781	19.5
Sports products	**227,682**	**22.9**	208,471	21.9	19,211	9.2
Consumer electronics components	**32,069**	**20.0**	16,981	15.0	15,088	88.9
Bra pads and other accessory products	**30,472**	**22.6**	22,341	20.4	8,131	36.4
Footwear	**8,036**	**18.0**	30,233	23.2	(22,197)	(73.4)
Gross profit	**842,710**	**23.8**	733,696	22.5	109,014	14.9
Gross profit (excluded depreciation)	**1,054,679**	**29.8**	943,219	28.9	111,460	11.8

As compared to 2HF2023, our overall gross profit in 1HF2024 increased by approximately HK$109.0 million from approximately HK$733.7 million in 2HF2023, while gross profit margin increased by 1.3 percentage points as compared to 22.5% in 2HF2023. Such increase was mainly due to improvement in production efficiency and increase in revenue arising from steady recovery of orders from brand partners.

Other Income

Our other income consists primarily of government grants and scrap sales income. It decreased from approximately HK$26.6 million in 1HF2023 to approximately HK$10.7 million in 1HF2024, primarily attributable to decrease in government grants subsidies, which is subject to 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 1HF2023 and 1HF2024, the Group's distribution and selling expenses as a percentage of total revenue remained relatively stable at 2.2%.

Distribution and selling expenses decreased from approximately HK$103.4 million in 1HF2023 to approximately HK$77.6 million in 1HF2024, primarily due to the decrease in freight and transportation expenses as a result of the decrease 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 8.5% in 1HF2023 to 7.6% in 1HF2024, mainly due to the Group's streaming of operation.

General and administrative expenses decreased from approximately HK$393.3 million in 1HF2023 to approximately HK$269.0 million in 1HF2024, mainly due to exchange gain arising from RMB and VND depreciation.

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 2.7% in 1HF2023 to 3.6% in 1HF2024 as a result of decrease in revenue.

For 1HF2024 and 1HF2023, the Group's research and development costs remained relatively stable at approximately HK$128.7 million and approximately HK$126.0 million respectively.

Other Operating Expenses

To optimize its production layout in China, the Group has commenced the relocation of its Shenzhen Base by phases to the new factories in Zhaoqing. The first phase of relocation was completed in 1HF2024. The relocation incurred seniority compensation for employees of approximately HK$86.0 million, and write-off of fixed assets of approximately HK$4.3 million in 1HF2024. No such expense was recognised in 1HF2023.

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 increased from 3.2% in 1HF2023 to 4.4% in 1HF2024, due to primarily attributable to global trend of rising interest rate.

Finance costs increased from approximately HK$146.2 million in 1HF2023 to approximately HK$154.7 million in 1HF2024 was primarily attributable to the reasons mentioned above.

Revenue and Net Profit/Loss of an Associate – VSCO Holdings ("VSCO")

In 1HF2023, the Group acquired 49% of the equity interest in VSCO. VSCO's revenue amounted to HK$882.9 million in 1HF2024, representing an increase of 51.1% as compared with HK$584.3 million in 1HF2023, whereas net profit amounted to HK$21.8 million in 1HF2024, as compared to a net loss amounted to HK$96.2 million in 1HF2023. The Group continues to be optimistic about sales, profit and store growth opportunities for VSCO going forward.

Income Tax Expenses

Income tax expenses represent 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 1HF2024 and 1HF2023. The applicable tax rate for the PRC subsidiaries of the Group is 25% in 1HF2024 and 1HF2023.

The subsidiaries established and operated in Vietnam were subject to corporate income tax at a rate of 20% in 1HF2024 and 1HF2023. 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., 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 expense was approximately HK$28.2 million in 1HF2024 (1HF2023: HK$64.9 million).

Operating Profit

In 1HF2024, the Group's operating profit was approximately HK$287.9 million, whereas operating profit margin in 1HF2024 was 8.1%.

As compared to 2HF2023, our operating profit in 1HF2024 increased by approximately HK$72.5 million, or 33.7%, from approximately HK$215.4 million in 2HF2023, whereas operating profit margin increased by 1.5 percentage points from 6.6% in 2HF2023.

Net Profit

As a result of the cumulative effect of the above factors, our net profit in 1HF2024 was approximately HK$106.8 million, whereas net profit margin in 1HF2024 was 3.0%.

As compared to 2HF2023, our net profit in 1HF2024 was increased by approximately HK$36.5 million, or 52.0%, from approximately HK$70.3 million in 2HF2023. Our net profit margin increased by 0.8 percentage points from 2.2% in 2HF2023.

Adjusted Net Profit

Excluding restructuring cost and share of net losses/profits of associates accounted for using the equity method, our adjusted net profit in 1HF2024 was approximately HK$196.6 million, whereas adjusted net profit margin in 1HF2024 was 5.5%.

As compared to 2HF2023, our adjusted net profit in 1HF2024 was increased by approximately HK$100.6 million, or 104.8%, from approximately HK$96.0 million in 2HF2023. Our adjusted net profit margin increased by 2.6 percentage points from 2.9% in 2HF2023.

Liquidity, Financial Resources and Bank Borrowings

As at 30 September 2023, the Group's current ratio (calculated as current assets/current liabilities) was 2.1 and the Group's net debt (represented by bank borrowings less the cash and cash equivalents) was approximately HK$3,589.1 million.

During the Period, currencies depreciation in RMB and VND against HKD has caused reduction of the Group's net assets denominated in RMB and VND, and thus affect the Group's equity and net gearing ratio. Net gearing ratio as at 30 September 2023 was 111.3% (31 March 2023: 92.6%), which was calculated as net debt divided by total equity.

Excluding the currencies depreciation impact on the net assets denominated in RMB and VND, the adjusted net gearing as at 30 September 2023 was 90.4% (31 March 2023: 84.9%).

Working Capital Management

	As at	
	30 September 2023 ***(days)***	31 March 2023 *(days)*
Receivables turnover days	**46**	43
Payables turnover days	**26**	27

The receivables turnover days and payables turnover days have remained healthy and stable at 46 and 26 days respectively as at 30 September 2023.

Capital Expenditures

For 1HF2024, the total addition to property, plant and equipment, leasehold land and land use rights, and intangible assets amounted to approximately HK$491.3 million (1HF2023: HK$207.2 million), which was mainly attributable additions of production lines and construction of our production facilities and Zhaoqing staff dormitories.

Pledged Assets

As at 30 September 2023 and 31 March 2023, insurance policy investments in the amount of approximately HK$68.8 million and HK$67.9 million respectively was pledged for financing related insurance premium.

Foreign Exchange Risk

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

Contingent Liabilities

As at 30 September 2023 and 31 March 2023, 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 1HF2024, 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, 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 2023, the Group employed a total of 35,140 full-time staff (31 March 2023: 37,015). The total staff cost of the Group (including salaries, bonuses, social insurances, provident funds and share incentive schemes) amounted to approximately HK$1,171.7 million, representing 33.1% 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

The Group has no significant events after the reporting period and up to the date of this announcement.

FUTURE PROSPECTS AND STRATEGIES

Market Trend Analysis

Entering the second half of Fiscal 2024, the Group foresees ongoing challenges in the macro operating environment due to high interest rate and economic uncertainties. In response to a relatively sluggish economy, consumers are displaying more discerning purchasing habits, favoring innovative and differentiated products that offer better quality and value for money. This shift has led to a more diverse market landscape, with certain leading brands expected to gain market share and achieve satisfactory growth even amidst market downturns. At the same time, supply chain consolidation has prompted brand partners to strengthen their strategic partnerships with industry-leading supply chain companies that possess exceptional R&D capabilities. This has resulted in a trend of increasing market concentration, with top players in the industry securing a larger share of the market. Leveraging its expertise in innovation and comprehensive deployment of production capacity, Regina Miracle has established strengths in areas such as scale, stability, agility, and fast delivery. Capitalizing on the opportunities presented by industry consolidation, the Group will deepen its collaborations with existing brand partners while actively seeking new partnerships to further expand its market share.

Meanwhile, as the destocking cycle, which consumer brands have been undergoing since the second half of last year, progresses the mid-to-late stage, the overall market sentiment has gradually bottomed out. The Group anticipates that revenue in the second half of Fiscal 2024 will exhibit steady growth compared to the previous period, and return to year-on-year growth in Fiscal 2025. This positive trend is expected to contribute to the recovery of the Group's overall business and revenue. Regarding the business segments:

– **For intimate wear,** as orders from international brand partners stabilize, and that the continued development of VS China will drive the Group's IDM business in the China market, steady growth is anticipated for revenue from orders in the second half of the fiscal year.

– **For sports products,** the overall trend of recovery will continue, with a full recovery anticipated in Fiscal 2025. Sports bras and sports leggings are expected to experience a moderate period-on-period improvement in the second half of the fiscal year, while sportswear products are anticipated to sustain rapid growth. The Group is proactively capitalizing on potential opportunities arising from supply chain consolidation in the market. It is strengthening collaborations with sports brand partners and diversifying its brand partner base to align with evolving consumer preferences.

– **For consumer electronics components,** while market demand is gradually stabilizing, revenue from this segment is expected to experience a slight decline in the second half of the fiscal year due to the timing of the launch of a new generation of products. Nevertheless, the Group's major partners are set to introduce new products at more accessible price points for the mass market. As a result, orders are anticipated to return to growth in Fiscal 2025.

– **For bra pads and other accessory products,** the pace of growth is expected to be in line with that of intimate wear, and revenue will remain stable in the second half of the fiscal year.

– **For footwear,** it will cease generating revenue as planned in the second half of the fiscal year.

STRATEGIES AND OUTLOOK

I. Streamline business segments to strengthen core businesses

Proactively streamline the footwear business

In recent years, the Group's major partner in the footwear segment has faced challenging business conditions, resulting in a decline in orders year after year. Recognizing that the segment has not achieved optimal economies of scale in production, the Group made a proactive decision to streamline the footwear business and has ceased order delivery since the end of October this year. This strategic adjustment, compared to Fiscal 2023, will lead to a decrease in revenue of approximately HK$300 million in Fiscal 2024. Meanwhile, the Group has reallocated its resources to the outerwear category, which, supported by the Group's seamless bonding craftsmanship, is expected to fill the revenue gap left by the footwear business.

Respond to fluctuations in the consumer electronics component business with agility

With the lifting of COVID-19-related restrictions worldwide, the initial surge in demand for consumer electronics products, driven by the need to stay at home, has started to wane, and brand partners have become more cautious in placing orders for products related to virtual reality ("**VR**") headsets. As a result, the Group's revenue from the segment has declined from its peak. In addition, the segment is subject to relatively high quarterly fluctuations as influenced by the timing of new product generations launched by brand partners. However, since the investments in major production machineries of this business were backed by the relevant brand partners, there were no significant capital investments made by the Group in the segment in the past. The Group will maintain close communication with its brand partners to closely monitor order patterns and accurately capture the timing of new product launches, so as to better plan the allocation of variable manufacturing resources in advance and maintain a stable profit model for the business.

Prioritize and strengthen core segments, foster sustainable and secure business growth

With the intimate wear and sports segments rebounding from the bottom, the Group will maintain its focus on these two core businesses and actively enhance their leading competitive strengths to absorb the potential fluctuations in other business segments. Amid the industry's downward cycle, the Group has taken a contrary stance by investing in R&D and strengthening its engagement with brand partners. By taking a direct, clear and targeted approach, the Group has showcased its R&D achievements in intimate wear and sportswear, thereby promoting sales and bolstering the Group's turnaround initiative.

II. Propel business growth with all-round innovation and upgrade

Initiate and promote breakthroughs in raw material R&D

In recent years, the Group and its partners have continuously strengthened their joint efforts in the R&D of raw materials such as foam, fabric and adhesives, the results of which are exclusively owned by the Group. Taking foam as an example, constant innovation and breakthroughs in terms of lightness, air permeability, support and body inclusivity have enabled the Group's latest series of bra pad technologies to further demonstrate new and outstanding functionalities, significantly enhancing the wearing experience of its core product categories such as intimate apparel and sports bras.

Spearhead proprietary craftsmanship upgrade and bolster seamless bonding product offerings

Concurrently with the upgrading of raw materials, the Group has consistently been driving forward the technological advancement and market application of its unique seamless bonding technology, positioning itself five to ten years ahead of the market. In recent years, the Group has made significant progress in the development of materials, automated production equipment and technology associated with this craftsmanship, resulting in a remarkable leap in aesthetics, product quality, production efficiency and functionality compared to conventional mainstream offerings. Taking the initiative to break away from the traditional machine sewing process prevalent in the market, the Group has placed emphasis on harnessing the potential of its seamless bonding technology. By doing so, it aims to carve out a distinctive path in the development of its outerwear business, characterized by technological aesthetics at the Better & Best positioning, reshaping the market's perception of this specific product category.

Dual growth drivers for the upcoming year

The Group has taken proactive measures to strengthen its initiatives in promoting the aforementioned upgrades and breakthroughs in raw materials and craftsmanship, as well as establishing stronger collaborations with major brand partners. The market response to these efforts has been positive, leading to the initiation of cooperation with several brand partners during the Period. As a key indicator of the Group's core business development, the demand from brand partners for R&D samples across various product categories exhibited varying degrees of growth during the Period, in contrast to the previous year when the industry was experiencing a downturn. The Group is confident that in Fiscal 2025 and beyond, it will progressively translate its R&D results into sales growth and reestablish a momentum of high-quality growth in its core segments by

- Leveraging its strength in world-leading raw materials, especially foam, complemented by the Group's diverse and innovative bra pad technologies to further strengthen its leading edge in the bra business (intimate wear and sports bras).

- Relying on its unique and proprietary seamless bonding technology to increase the application and market expansion of its outerwear business (shapewear, leggings and apparel, etc.) with major brand partners, which will bring sustainable and secure revenue growth over the next five years.

III. Anchor differentiated positioning and optimization of the Group's consolidated gross margin

The Group will position itself more clearly as the premier partner for its major brand partners, particularly anchoring the Better & Best positioning within their product lines. This strategic approach aims to enhance the Group's value proposition by emphasizing product differentiation. Coupled with the Group's efficiency enhancement initiatives, such as structure verticalization, equipment automation and management intellectualization in the PRC and Vietnam production bases over the past six months and in the future, it is expected to enable a further improvement in the Group's consolidated gross margin in Fiscal 2025.

IV. Accelerate deployment in China

Leverage the modern, high-end positioning and sustainable strategic capabilities of Zhaoqing production base

As part of its strategic optimization of production facilities in China, the Group has initiated the phased relocation of its Shenzhen production base to the new factories in Zhaoqing. The Zhaoqing production base offers significant advancements compared to the Shenzhen facility, including modernized construction, improved product positioning, and enhanced sustainability measures, enabling the Group to enhance its efficiency as it achieves higher level of automation and intellectualization of production, and more efficient management. With the Zhaoqing production base gradually being put into operation, the Group is better equipped to meet the growing local production demand resulting from the rapid expansion of the domestic market. This development aligns with the strategies of international brand partners, VS China, and other domestic partners, as they seek to capitalize on opportunities in the Chinese market.

VS China business developing rapidly as planned, promoting the expansion of localized products into the international markets

In recent years, the Group has made significant strides in developing the domestic market, with revenue from the domestic market accounting for over 15% of the Group's total revenue during the Period. VS China, as the core focus of the Group's development in the Chinese market, has achieved noteworthy results through various measures of operational optimization and differentiated product developments, resulting in substantial revenue and profit growth in line with plans. Catering to the e-commerce business, the Group successfully developed several hero products for VS China, leading to its continuous climbing in rankings on its online sales during the Period. VS China's e-commerce business revenue growth exceeded 100%, which in turn drives the continuous growth of the Group's overall IDM business in the PRC market. In addition, most of the hero products developed for VS China incorporate the Group's latest bra pads and seamless bonding technology as aforementioned. Leveraging the unique characteristics of the e-commerce environment in China, the Group can swiftly test products in the PRC market through VS China and make targeted improvements, thus providing timely product reference for the brand in the international markets. During the Period, there was successful adoption of certain products developed for the Chinese market into the brand's overseas markets, creating new growth opportunities for the Group's IDM business through the introduction of localized products to the international markets.

V. Continuously promote ESG development to realize "Solidarity in Sustainability" with all stakeholders

Firmly believing that the environmental, social and governance ("**ESG**") practice is the cornerstone of corporate sustainability, Regina Miracle actively integrates ESG into its management decisions, daily operations and corporate culture to enhance the implementation of the relevant philosophy. Based on the 2030 Sustainable Development Goals, the Group strives to advance in the four areas of carbon reduction, waste management, sustainable innovation, and people and community. During the Period, the Group made remarkable progress in various areas, including energy conservation and emission reduction, waste reduction, development and use of environmentally friendly raw materials, digitization of product development, talent training and gender equality. Notably, extending the environmentally friendly design principles of the Vietnam factory, the first phase of construction of the newly established Zhaoqing factory was awarded the LEED (Leadership in Energy and Environmental Design) Gold Certification in June 2023, which can better meet the sustainability requirements of the Group's international brand partners. Going forward, the Group remains dedicated to creating value for the industry and realize its firm commitment to "Solidarity in Sustainability" with stakeholders such as investors, business partners and consumers.

Conclusion

Recognizing the volatility of the industry, the Group has strategically streamlined its diversified business portfolio by discontinuing the footwear business and ensuring the precise deployment of the consumer electronics components segment, in order to focus on strengthening its core businesses and maintain secure revenue growth. As for its core businesses, where the Group has a market-leading position, Regina Miracle will capitalize on the breakthroughs achieved in raw material R&D to further consolidate its global leadership in its core categories such as intimate wear and sports bras. At the same time, the Group will leverage the tremendous potential of its innovative and unique seamless bonding technology to open up new avenues of development in new product categories of the outerwear market.

The Group remains committed to promoting the accelerated growth of the PRC market through its strategic planning for VS China to further increase its market share and achieve market leadership. The gradual commencement of production at the Zhaoqing base will also serve as a foundation for the further development of the China market in terms of production capacity, ensuring the Group's ability to meet the demand for local production from its brand partners. In addition to driving sales growth, the Group aims to anchor at its clearly defined differentiated product positioning in the Better & Best category to enhance its creation of added value. The Group will also focus on improving production efficiency and optimize gross profit margin through automation, digitization and intellectualization. With these initiatives in place, Regina Miracle is confident in its ability to overcome industry challenges and set itself on a trajectory of sustained growth.

The Group would like to express its sincere gratitude to the management team and colleagues for their tireless efforts and dedication, as well as to its brand partners, suppliers, business partners and shareholders for their close support. Looking ahead, Regina Miracle will continue to leverage its strengths to seize market opportunities and create greater value for all stakeholders in the long term.

OTHER INFORMATION

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

During the six months ended 30 September 2023, 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 HK3.5 cents (the "**Interim Dividend**") (2022: HK8.5 cents) per ordinary share for the six months ended 30 September 2023 payable on or about Friday, 22 December 2023 to all shareholders of the Company whose names appear on the register of members of the Company on Thursday, 14 December 2023.

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 Wednesday, 13 December 2023 to Thursday, 14 December 2023, 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 Tuesday, 12 December 2023.

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 Company has implemented and applied the principles contained within the recommended best practices as set out in Part 2 of the Corporate Governance Code (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**"), 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 throughout the six months ended 30 September 2023.

According to code provision C.2.1 of Part 2 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.

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 2023.

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 2023 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 2023

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.