Regina Miracle International (Holdings) Limited
維珍妮國際(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2199)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2024

FINANCIAL HIGHLIGHTS

	Year ended 31 March				
	2024		**2023**		**Change**
	HK$'000	*%*	*HK$'000*	*%*	
Revenue	7,016,802	100.0	7,879,287	100.0	(10.9%)
Gross profit	1,583,567	22.6	1,902,111	24.1	(16.7%)
Profit attributable to owners of the Company	143,175	2.0	383,258	4.9	(62.6%)
Earnings before interest, taxes, depreciation and amortisation#	1,011,975	14.4	1,310,013	16.6	(22.8%)
Adjusted profit attributable to owners of the Company#*	316,471	4.5	417,387	5.3	(24.2%)
Adjusted earnings before interest, taxes, depreciation and amortisation#*	1,185,271	16.9	1,344,141	17.1	(11.8%)
	HK cents		*HK cents*		
Earnings per share – basic and diluted	11.7		31.3		
Dividend per share	5.7		10.3		
– *Interim dividend*	3.5		8.5		
– *Proposed final dividend*	2.2		1.8		

These are not measures of performance under Hong Kong Financial Reporting Standards ("**HKFRS**"), but is widely used by management for monitoring business performance of a company from operational perspective. It may not be comparable to similar measures presented by other companies.

* Adjusted profit attributable to owners of the Company and adjusted earnings before interest, taxes, depreciation and amortisation are derived by excluding exceptional restructuring cost.

ANNUAL RESULTS

The board of directors (the "**Board**") of Regina Miracle International (Holdings) Limited ("**Regina Miracle**" or the "**Company**") is pleased to announce the annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2024 ("**Fiscal 2024**"), together with the comparative figures for the corresponding year in 2023 ("**Fiscal 2023**"), as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2024

	Note	**2024** *HK$'000*	2023 *HK$'000*
Revenue	*3*	**7,016,802**	7,879,287
Cost of sales	*5*	**(5,433,235)**	(5,977,176)
Gross profit		**1,583,567**	1,902,111
Other income	*4*	**24,257**	38,007
Distribution and selling expenses	*5*	**(152,270)**	(180,657)
General and administrative expenses	*5*	**(561,126)**	(701,748)
Research and development costs	*5*	**(267,463)**	(235,765)
Other operating expenses	*5*	**(173,296)**	(34,129)
Operating profit		**453,669**	787,819
Finance income	*6*	**2,341**	3,197
Finance costs	*6*	**(336,956)**	(293,532)
Finance costs, net	*6*	**(334,615)**	(290,335)
Share of net profit/(losses) of associates accounted for using the equity method		**33,123**	(41,263)
Profit before income tax		**152,177**	456,221
Income tax expenses	*7*	**(9,002)**	(72,963)
Profit for the year attributable to owners of the Company		**143,175**	383,258
Earnings per share for profit attributable to owners of the Company (expressed in HK cents per share)			
– Basic and diluted	*8*	**11.7**	31.3

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2024

	2024	2023
	HK$'000	*HK$'000*
Profit for the year	**143,175**	383,258
Other comprehensive loss		
Items that have been reclassified or may be subsequently reclassified to profit or loss		
Currency translation differences	**(341,114)**	(253,756)
Fair value gain/(loss) on insurance policy investments	**7,414**	(10,662)
Fair value change on trade receivables carried at fair value through other comprehensive income ("**FVOCI**")	**(60,510)**	(49,843)
Reclassification of trade receivables at FVOCI reserve to factoring interests and charges upon disposals	**59,848**	49,522
Share of other comprehensive income/(loss) of an associate	**2,040**	(15,307)
Item that will not be reclassified to profit or loss		
Fair value gain on transfers of owner-occupied properties to investment properties, net of tax	**77,245**	–
Other comprehensive loss for the year, net of tax	**(255,077)**	(280,046)
Total comprehensive (loss)/income attributable to owners of the Company	**(111,902)**	103,212

CONSOLIDATED BALANCE SHEET
As at 31 March 2024

	Note	**2024** **HK$'000**	2023 HK$'000
Assets			
Non-current assets			
Property, plant and equipment		**4,210,405**	4,246,304
Right-of-use assets		**468,678**	478,359
Investment properties		**115,589**	–
Intangible assets		**27,469**	31,295
Insurance policy investments		**220,242**	202,155
Investments in associates		**396,682**	381,505
Deposits and prepayments		**119,164**	380,978
Deferred income tax assets		**52,882**	57,316
		5,611,111	5,777,912
Current assets			
Inventories		**1,225,092**	1,437,829
Trade receivables	*10*	**1,027,483**	710,534
Deposits, prepayments and other receivables		**111,486**	74,347
Tax recoverable		**3,299**	1,302
Restricted bank deposits		**1,162**	5,338
Cash and cash equivalents		**623,117**	675,028
		2,991,639	2,904,378
Total assets		**8,602,750**	8,682,290
Equity			
Equity attributable to owners of the Company			
Share capital		**95,247**	95,247
Reserves		**3,275,228**	3,452,015
Total equity		**3,370,475**	3,547,262

	Note	**2024**	2023
		HK$'000	*HK$'000*
Liabilities			
Non-current liabilities			
Borrowings		**3,532,595**	3,638,548
Other payables		**35,420**	37,728
Lease liabilities		**81,986**	99,253
Deferred income tax liabilities		**80,403**	40,691
		3,730,404	3,816,220
Current liabilities			
Trade payables	*11*	**390,330**	340,327
Accruals and other payables		**413,770**	426,399
Lease liabilities		**40,658**	61,194
Borrowings		**621,032**	319,988
Current income tax liabilities		**36,081**	170,900
		1,501,871	1,318,808
Total liabilities		**5,232,275**	5,135,028
Total equity and liabilities		**8,602,750**	8,682,290

NOTES

1 GENERAL INFORMATION

Regina Miracle International (Holdings) Limited (the "**Company**") was incorporated in the Cayman Islands on 21 September 2010 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The Company has its primary listing on The Stock Exchange of Hong Kong Limited. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together the "**Group**") are principally engaged in the manufacturing and trading of intimate wear, sports products, consumer electronics components, bra pads and other accessory products and footwear.

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

2 BASIS OF PREPARATION

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

These consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of trade receivables carried at FVOCI, investment properties and insurance policy investments which are carried at fair value.

The preparation of these consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(a) New and amended standards adopted by the Group

The Group has applied the following new and amended standards for the first time for their annual reporting period commencing 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 HKFR – 17 – Insurance Contracts
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information

The adoption of these new and amended standards did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) Amended standards and interpretation not yet adopted by the Group

The following new and amended standards and interpretation have been issued that are not mandatory for financial year ended 31 March 2024 and have not been early adopted by the Group:

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
HKFR 16 (Amendments)	Lease Liability in a Sale and Leaseback	1 April 2024
HK Int 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
HKAS 21 (Amendments)	Lack of Exchangeability	1 April 2025
HKAS 28 and HKFRS 10 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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

(c) Change in accounting policy on offsetting arrangement in long service payment scheme in Hong Kong

In June 2022, the Hong Kong Government enacted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "**Amendment Ordinance**") which will be effective from 1 May 2025 (the "**Transition Date**"). Under the Amendment Ordinance, any accrued benefits attributable to the employer's mandatory contributions under mandatory provident fund scheme ("**MPF Benefits**") of an entity would no longer be eligible to offset against its obligations on long service payment ("**LSP**") for the portion of the LSP accrued on or after the Transition Date. There is also a change in the calculation basis of last monthly wages for the portion of the LSP accrued before the Transition Date.

Prior to 1 January 2023, the Group applied practical expedient in HKAS 19 paragraph 93(b) (the "**practical expedient**") to account for the offsetable MPF Benefits as deemed employee contributions to reduce the current service costs in the period in which the related services were rendered.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" (the "**Guidance**") which provides clarified and detailed guidance on the accounting considerations relating to the abolition of the offsetting mechanism. The Guidance clarified that following the enactment of the Amendment Ordinance, LSP is no longer a "simple type of contributory plans" to which the practical expedient had been intended to apply.

By following the Guidance, the Group has therefore changed its accounting policy and ceased to apply the practical expedient and reattribute the deemed employee contributions on a straight-line basis from the date when services by employees first lead to their benefits in terms of the LSP legislation in accordance with HKAS 19 paragraph 93(a).

The abovementioned change in accounting policy does not have material impact to the consolidated financial statements as at 31 March 2023.

(d) Adoption of Amendments to HKAS 12

The amendments narrow the scope of initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. The Group should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with these transactions. The cumulative effect of recognising these adjustments is recognised in the opening balance of retained profits, or another component of equity, as appropriate.

By adopting the above amendments, the Group should recognise the temporary difference arising from right-of-use assets and lease liabilities at the beginning of the earliest comparative period. The adoption of above amendments does not have any impact on the consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income for the current period or any prior period and is not likely to affect future periods, but it affects the disclosure of deferred tax assets and deferred tax liabilities.

3 SEGMENT INFORMATION

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

During the year ended 31 March 2024, 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 – production and trading of virtual reality (VR) headsets and tablet PC accessories.

(iv) Bra pads and other accessory products – manufacturing and trading of bras pads, fabric masks, one piece moulded hats and other accessory products for further processing.

(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 year ended 31 March 2024 are as follows:

	Intimate wear *HK$'000*	Sports products *HK$'000*	Consumer electronics components *HK$'000*	Bra pads and other accessory products *HK$'000*	Footwear *HK$'000*	Total *HK$'000*
Total segment revenue (Recognised at a point in time)	**4,121,437**	**2,311,520**	**285,616**	**241,887**	**56,342**	**7,016,802**
Gross profit/segment results	**976,881**	**493,713**	**52,743**	**50,678**	**9,552**	**1,583,567**
Other income						**24,257**
Distribution and selling expenses						**(152,270)**
General and administrative expenses						**(561,126)**
Research and development costs						**(267,463)**
Other operating expenses						**(173,296)**
Finance income						**2,341**
Finance costs						**(336,956)**
Share of net profit of an associate accounted for using equity method						**33,123**
Profit before income tax						**152,177**
Income tax expenses						**(9,002)**
Profit for the period						**143,175**

Other segment item included in the consolidated income statement for the year ended 31 March 2024 is as follows:

	Intimate wear *HK$'000*	Sports products *HK$'000*	Consumer electronics components *HK$'000*	Bra pads and other accessory products *HK$'000*	Footwear *HK$'000*	Total *HK$'000*
Depreciation for property, plant and equipment and right-of-use assets included in cost of sales	**236,667**	**127,231**	**26,310**	**18,489**	**2,948**	**411,645**

Depreciation for property, plant and equipment and right-of-use assets of HK$411,645,000 has been charged in "cost of sales", HK$98,866,000 has been charged in "general and administrative expenses" and HK$7,060,000 has been charged in "research and development expenses", respectively.

The segment results for the year ended 31 March 2023 are as follows:

	Intimate wear *HK$'000*	Sports products *HK$'000*	Consumer electronics components *HK$'000*	Bra pads and other accessory products *HK$'000*	Footwear *HK$'000*	Total *HK$'000*
Total segment revenue (Recognised at a point in time)	4,424,824	2,436,331	371,478	322,640	324,014	7,879,287
Gross profit/segment results	1,108,426	566,465	81,561	72,194	73,465	1,902,111
Other income						38,007
Distribution and selling expenses						(180,657)
General and administrative expenses						(701,748)
Research and development costs						(235,765)
Other operating expenses						(34,129)
Finance income						3,197
Finance costs						(293,532)
Share of net loss of an associate accounted for using equity method						(41,263)
Profit before income tax						456,221
Income tax expenses						(72,963)
Profit for the period						383,258

Other segment item included in the consolidated income statement for the year ended 31 March 2023 is as follows:

	Intimate wear *HK$'000*	Sports products *HK$'000*	Consumer electronics components *HK$'000*	Bra pads and other accessory products *HK$'000*	Footwear *HK$'000*	Total *HK$'000*
Depreciation for property, plant and equipment and right-of-use assets included in cost of sales	228,029	125,810	31,392	22,047	15,670	422,948

Depreciation for property, plant and equipment and right-of-use assets of HK$422,948,000 has been charged in "cost of sales", HK$114,664,000 has been charged in "general and administrative expenses" and HK$17,770,000 has been charged in "research and development expenses", respectively.

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

	2024	2023
	HK$'000	*HK$'000*
United States	**3,243,601**	3,810,347
The People's Republic of China ("**The PRC**")	**1,383,477**	1,380,621
Europe	**836,191**	1,001,588
Japan	**454,311**	499,943
South-east Asia *(Note a)*	**270,680**	251,134
Hong Kong	**110,685**	147,697
South Asia *(Note b)*	**69,307**	95,722
Other countries/regions *(Note c)*	**648,550**	692,235
	7,016,802	7,879,287

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

Note b: Includes Bangladesh, Sri Lanka and India.

Note c: Includes Canada, Taiwan, Australia and others.

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

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

	2024	2023
	HK$'000	*HK$'000*
Vietnam	**3,845,888**	4,144,573
The PRC	**1,366,768**	1,322,687
Hong Kong	**115,357**	45,280
	5,328,013	5,512,540

4 OTHER INCOME

	2024	2023
	HK$'000	*HK$'000*
Scrap sales income	**14,205**	12,485
Government grants	**947**	21,511
Realised (loss)/ gain on disposal of insurance policy investment	**(218)**	92
Others	**9,323**	3,919
	24,257	38,007

5 EXPENSES BY NATURE

	2024	2023
	HK$'000	*HK$'000*
Amortisation of intangible assets	**7,613**	8,075
Depreciation of property, plant and equipment	**462,182**	470,180
Depreciation of right-of-use assets	**55,389**	85,202
Consumables	**224,726**	232,213
Cost of inventories sold	**2,723,889**	2,952,427
Reversal of loss allowance of trade receivables	**(819)**	(2,245)
Employee benefit expenses	**2,385,068**	2,741,419
Restructuring costs *(Note)*	**173,296**	34,129

Note:

During the year ended 31 March 2024, the Group incurred exceptional severance payments of approximately HK$133,869,000 and write-off of fixed assets of approximately HK$39,427,000 as a result of the reallocation of production capacity and human resources between Shenzhen and Zhaoqing.

Such restructuring costs are charged to "other operating expenses" in the consolidated income statement.

6 FINANCE COSTS, NET

	2024 *HK$'000*	2023 *HK$'000*
Finance income		
– interest income on bank deposits	**2,271**	3,128
– other interest income	**70**	69
	2,341	3,197
Finance costs		
– interest expense on bank borrowings	**(267,304)**	(234,841)
– factoring interests and charges	**(59,848)**	(49,522)
– interest expense on lease liabilities	**(9,431)**	(8,876)
– unwinding interest	**(373)**	(293)
	(336,956)	(293,532)
Finance costs, net	**(334,615)**	(290,335)

7 INCOME TAX EXPENSES

For the years ended 31 March 2023 and 2024, the Group is eligible to nominate one Hong Kong incorporated entity in the Group to be chargeable at the two-tiered profits tax rates, whereby profits tax will be chargeable on the first HK$2 million of assessable profits at 8.25% and assessable profits above this threshold will be subject to a rate of 16.5%. Hong Kong profits tax for other Hong Kong incorporated entities in the Group has been provided for at the rate of 16.5% on the estimated assessable profits.

The applicable tax rate for the PRC subsidiaries of the Group is 25% for the year ended 31 March 2024 except for one subsidiary that is subject to a reduced tax rate of 15% under the High and New Technological Enterprise programme (2023: Same).

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% (2023: 20%). In accordance with the applicable tax regulations, preferential tax rates and tax holidays will be granted to new investment projects based on regulated encouraged sectors, encouraged locations, and size of the projects.

Regina Miracle International (Vietnam) Co., Ltd. is subject to a lower tax rate of 10% for fifteen consecutive years, commencing from the first year of making revenue. In addition, the subsidiary is entitled to full exemption from corporate income tax for the first four years from the earlier of (i) the year when profit is generated for the first time or (ii) the fourth year of making revenue; and a 50% reduction in corporate income tax for the next nine years, which is offered by the Vietnam Government and is stipulated in the subsidiary's investment license. The first year of this tax reduction period commenced in the financial year ended 31 March 2018. 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.

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

	2024	2023
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong profits tax	**8,927**	39,768
– PRC enterprise income tax	**(3,323)**	3,646
– Overseas income tax	**11,521**	9,520
(Over)/under provision in prior years	**(22,087)**	27,604
Deferred income tax	**13,964**	(7,575)
Income tax expenses	**9,002**	72,963

8 EARNINGS PER SHARE

(a) Basic

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

	2024	2023
Profit attributable to owners of the Company (HK$'000)	**143,175**	383,258
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)	**11.7**	31.3

(b) Diluted

Diluted earnings per share for the years ended 31 March 2024 and 2023 are the same as the basic earnings per share as there were no potentially dilutive ordinary shares issued.

9 DIVIDENDS

(a) Dividends recognized during the reporting period

	2024	2023
	HK$'000	*HK$'000*
Final dividend, paid of HK1.8 cents per ordinary share for the year ended 31 March 2023 (For the year ended 31 March 2022: HK7.2 cents)	**22,037**	88,146
Interim dividend, paid of HK3.5 cents per ordinary share for the period ended 30 September 2023 (For the period ended 30 September 2022: HK8.5 cents)	**42,848**	104,061
	64,885	192,207

(b) Dividends not yet recognised during the reporting period

At the Board meeting held on 26 June 2024, a final dividend of HK2.2 cents per ordinary share of the Company, totalling approximately HK$26,934,000 (2023: a final dividend of HK1.8 cents per ordinary share of the Company, totalling approximately HK$22,037,000) for the year ended 31 March 2024 are proposed. These consolidated financial statements do not reflect these dividend payables.

10 TRADE RECEIVABLES

	2024	2023
	HK$'000	*HK$'000*
Trade receivables		
– carried at amortised cost	**775,134**	563,005
– carried at FVOCI	**262,634**	158,633
	1,037,768	721,638
Less: loss allowance of trade receivables	**(10,285)**	(11,104)
	1,027,483	710,534

The carrying amounts of trade receivables carried at amortised costs approximate their fair values.

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

	2024	2023
	HK$'000	*HK$'000*
0–30 days	**639,179**	356,792
31–60 days	**145,248**	207,241
61–90 days	**87,833**	47,687
Over 90 days	**165,508**	109,918
	1,037,768	721,638

The credit period granted by the Group is generally 30 to 90 days. The Group does not hold any collateral as security.

(b) As at 31 March, the carrying amounts of gross trade receivables are denominated in the following currencies:

	2024	2023
	HK$'000	*HK$'000*
US$	**742,808**	473,378
RMB	**254,352**	247,706
HK$	**40,194**	506
VND	**414**	48
	1,037,768	721,638

(c) As at 31 March 2024, included in the Group's trade receivables were amounts due from related parties of approximately HK$80,842,000 (2023: HK$67,610,000).

11 TRADE PAYABLES

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

	2024	2023
	HK$'000	*HK$'000*
0–30 days	**312,962**	280,175
31–60 days	**57,422**	55,184
61–90 days	**17,123**	107
Over 90 days	**2,823**	4,861
	390,330	340,327

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

During the year under review, the pace of recovery in the global economy was slower than expected, with major central banks adopting tight monetary policies to contain inflation. Concerns about the health of the financial system and geopolitical tensions led to conservative consumer sentiment, which impacted industry performance and put unprecedented pressure on the Group's business. Despite the improvement in market sentiment in the second half of Fiscal 2024, this recovery has not yet fully reflected in the recovery of orders. In the midst of both challenges and opportunities, Regina Miracle has adopted the business strategy of "prioritizing core segments and strengthening core operations" in response to the uncertainties in the macro environment, striving to gain room for restructuring and development.

On the one hand, the Group has encountered multiple challenges in recent times, such as the destocking cycle of brand partners and adjustments in the order structure. On the other hand, brand partners are seeking to stimulate demand with innovative and differentiated products, which provides an opportunity for market players. In response to this trend, the Group has undertaken a review of its innovative design manufacturing ("**IDM**") business and made multiple adjustments.

As a key growth focus for the Group's brand partners, the PRC market also holds crucial significance for Regina Miracle. The growth momentum of the joint venture ("**VS China**") between the Group and Victoria's Secret & Co. ("**Victoria's Secret**") over the past year, has brought positive impact and fresh vitality to the Group's business in the Chinese market, and provided valuable experience for the Group to collaborate with more international and domestic brands to jointly explore the potential of the PRC market.

BUSINESS REVIEW

Financial Performance

Affected by macroeconomic uncertainties and sluggish consumer sentiment, the Group recorded revenue of approximately HK$7,016.8 million (Fiscal 2023: HK$7,879.3 million) for Fiscal 2024, representing a year-on-year decrease of 10.9%. Gross profit decreased by 16.7% to approximately HK$1,583.6 million, with gross profit margin decreasing by 1.5 percentage points to 22.6% (Fiscal 2023: HK$1,902.1 million and 24.1%, respectively). Earnings before interest, tax, depreciation and amortization (EBITDA) decreased by 22.8% to approximately HK$1,012.0 million, and the EBITDA margin decreased by 2.2 percentage points to 14.4% (Fiscal 2023: HK$1,310.0 million and 16.6%, respectively). The Group recorded net profit of approximately HK$143.2 million for Fiscal 2024, representing a year-on-year decrease of 62.6%, with net profit margin decreasing by 2.9 percentage points to 2.0% (Fiscal 2023: HK$383.3 million and 4.9%, respectively). Basic earnings per share attributable to owners of the Company was HK11.7 cents (Fiscal 2023: basic earnings per share of HK31.3 cents).

Excluding restructuring costs, adjusted EBITDA decreased by 11.8% to approximately HK$1,185.3 million and adjusted EBITDA margin decreased by 0.2 percentage points to 16.9% (Fiscal 2023: HK$1,344.1 million and 17.1%, respectively). Adjusted net profit for Fiscal 2024 was approximately HK$316.5 million, representing a year-on-year decrease of 24.2%, with adjusted net profit margin decreasing by 0.8 percentage points to 4.5% (Fiscal 2023: HK$417.4 million and 5.3%, respectively).

During Fiscal 2024, the Group's financial position was sound, with net current assets amounted to approximately HK$1,489.8 million (Fiscal 2023: HK$1,585.6 million). As at 31 March 2024, its total available banking facilities amounted to approximately HK$3,480.5 million (31 March 2023: HK$3,783.6 million).

In order to share the results with shareholders, the Board has resolved to recommend a final dividend of HK2.2 cents per share for Fiscal 2024 (Fiscal 2023: HK1.8 cents per share), which together with the interim dividend of HK3.5 cents per share, makes a total dividend of HK5.7 cents, in line with the Group's dividend policy of distributing no less than 30% of its net profit for the financial year. The proposed final dividend is subject to the approval of the Company's shareholders at the annual general meeting to be held on Wednesday, 11 September 2024. The final dividend is expected to be paid on or around Wednesday, 2 October 2024 to shareholders whose names appear on the register of members of the Company on Friday, 20 September 2024.

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 Fiscal 2024, this business segment contributed revenue of approximately HK$4,121.4 million (Fiscal 2023: HK$4,424.8 million), a year-on-year decrease of 6.9% and accounting for 58.7% of the total revenue, and remained the Group's main source of revenue. The segment's gross profit decreased by 11.9% to approximately HK$976.9 million, with gross profit margin decreasing by 1.4 percentage points to 23.7% (Fiscal 2023: HK$1,108.4 million and 25.1%, respectively).

During Fiscal 2024, consumer sentiment in the overall market was still recovering. Inventories of the Group's intimate wear brand partners have not yet normalized, which has dampened order demand.

Sports products

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

This business segment contributed approximately HK$2,311.5 million in revenue during Fiscal 2024 (Fiscal 2023: HK$2,436.3 million), a 5.1% year-on-year decrease, accounting for 32.9% of total revenue. Segmental gross profit was approximately HK$493.7 million and the gross profit margin was 21.4% (Fiscal 2023: HK$566.5 million and 23.3%, respectively).

During Fiscal 2024, as the destocking progress varies among the different sports brand partners, the Group's overall order volume and revenue in this segment were under pressure compared with last year. Despite this, this segment recorded a double-digit sequential recovery in the second half of Fiscal 2024, showing a good recovery momentum. Among the sports products, the patented bonding ("**Bonding**") apparel segment stood out in performance, achieving double-digit revenue growth for the full year and further increasing its revenue share.

Consumer electronics components

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

Revenue from this business segment amounted to approximately HK$285.6 million (Fiscal 2023: HK$371.5 million), representing a year-on-year decrease of 23.1% and accounting for 4.1% of the Group's total revenue. The segment's gross profit decreased by 35.3% to approximately HK$52.7 million and the gross profit margin was 18.5% (Fiscal 2023: HK$81.6 million and 22.0%, respectively).

The production line for consumer electronics components has been relocated to the Zhaoqing production base and operated smoothly during Fiscal 2024, meeting the demands of the Group's brand partners. However, during Fiscal 2024, as a major brand partner underwent product upgrades, there was an order gap between the launch of a newer and an older generation of products. This, coupled with the iterative cycle of electronic products, led to a phased adjustment of orders from brand partners, which in turn weighed on the revenue performance.

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.

Revenue from this business segment amounted to approximately HK$241.9 million (Fiscal 2023: HK$322.6 million), representing a year-on-year decrease of 25.0% and accounting for 3.5% of the Group's total revenue. The segment's gross profit decreased by 29.8% to approximately HK$50.7 million and gross profit margin was 21.0% (Fiscal 2023: HK$72.2 million and 22.4%, respectively). The revenue from bra pad products decreased in line with the decline in order demand for intimate wear.

Footwear

Footwear consists mainly of causal shoes.

During Fiscal 2024, this segment contributed revenue of approximately HK$56.3 million (Fiscal 2023: HK$324.0 million), accounting for 0.8% of total revenue. The segment's gross profit amounted to approximately HK$9.6 million and gross profit margin was 17.0% (Fiscal 2023: HK$73.5 million and 22.7%, respectively). In order to enhance economies of scale in production, the Group proactively communicated with its brand partners during the previous fiscal year to arrange the termination of its collaboration. This decision resulted in the cessation of order delivery after October 2023, enabling the strategic allocation of the released production capacity to the fast-growing bonding apparel category.

VS China

Leveraging the deep understanding of Chinese consumers and an agile supply mechanism, VS China's brand positioning and differentiated products have closely aligned with the prevailing fashion trends. Despite an overall sluggish Chinese consumer market, it managed to maintain growth against the broader headwinds. VS China's revenue amounted to approximately HK$1,882.2 million in the Group's Fiscal 2024, representing a year-on-year increase of 40.0%, and net profit amounted to approximately HK$85.4 million, representing a year-on-year increase of approximately HK$196.6 million. In addition, VS China has become a major brand partner of the Group, bringing a meaningful incremental lift to the revenue of the Group's IDM business during Fiscal 2024.

Production capacity

Seizing the opportunities arising from industry consolidation and supply chain concentration, the Group strives for continuous enhancement of its production processes through different key initiatives, including structure verticalization, management intellectualization, equipment automation, and supply chain localization, to improve overall production efficiency. Vietnam, as an important production base for the Group, has strengthened its management capabilities during Fiscal 2024, with production efficiency of the Group's core business segments reaching record highs. As orders began to recover at the end of Fiscal 2024, the Vietnam production base began to resume recruitment in the first quarter of this year.

In Mainland China, the relocation of the Shenzhen production base to the Zhaoqing production base is proceeding satisfactorily. The relocation of production lines for consumer electronics components, bra pads and other accessory products all completed during Fiscal 2024. As orders of intimate wear and sports products have picked up since the fourth quarter of Fiscal 2024, the relocation schedule of relevant production lines was adjusted to accommodate the order delivery and is expected to be completed by September 2024. Meanwhile, the relocation of R&D related departments is expected to begin in the second half of 2025.

In Fiscal 2024, the Vietnam production base's contribution to the Group's total revenue reached 84% in terms of gross output. As of 31 March 2024, there were approximately 31,300 employees in Vietnam. In Mainland China, the Shenzhen production base had around 3,900 employees and the Zhaoqing production base had approximately 1,500 employees.

THE GROUP'S OPERATING RESULTS

Revenue

We derive our revenue primarily from direct sales of our products. Our total revenue decreased by 10.9% from approximately HK$7,879.3 million in Fiscal 2023 to approximately HK$7,016.8 million in Fiscal 2024. A comparison of the Group's revenue for Fiscal 2024 and Fiscal 2023 by product categories is as follows:

	For the year ended 31 March					
	2024		2023		Change	
	HK$'000	***% of Revenue***	*HK$'000*	*% of Revenue*	*HK$'000*	*%*
Intimate wear	**4,121,437**	**58.7**	4,424,824	56.2	(303,387)	(6.9)
Sports products	**2,311,520**	**32.9**	2,436,331	30.9	(124,811)	(5.1)
Consumer electronics components	**285,616**	**4.1**	371,478	4.7	(85,862)	(23.1)
Bra pads and other accessory products	**241,887**	**3.5**	322,640	4.1	(80,753)	(25.0)
Footwear	**56,342**	**0.8**	324,014	4.1	(267,672)	(82.6)
	7,016,802	**100.0**	7,879,287	100.0	(862,485)	(10.9)

Revenue generated from sales of intimate wear, sports products, consumer electronics components and bra pads and other accessory products decreased by 6.9%, 5.1%, 23.1% and 25.0% respectively from Fiscal 2023 to Fiscal 2024. 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 in Fiscal 2024.

Revenue generated from sales of footwear decreased by 82.6% from Fiscal 2023 to Fiscal 2024, 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 first half of Fiscal 2024, gradually deploying the released production capacities to the fast–growing seamless bonding apparel category.

Cost of sales

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

	For the year ended 31 March					
	2024		2023		Change	
	HK$'000	***% of Revenue***	*HK$'000*	*% of Revenue*	*HK$'000*	*%*
Cost of raw materials	**2,723,890**	**38.8**	2,952,427	37.5	(228,537)	(7.7)
Employee benefit expenses	**1,805,356**	**25.7**	2,106,700	26.7	(301,344)	(14.3)
Depreciation	**411,645**	**5.9**	422,948	5.4	(11,303)	(2.7)
Others	**492,344**	**7.0**	495,101	6.3	(2,757)	(0.6)
	5,433,235	**77.4**	5,977,176	75.9	(543,941)	(9.1)

Cost of sales as a percentage of total revenue increased from 75.9% in Fiscal 2023 to 77.4% in Fiscal 2024. This was primarily attributable to decrease in revenue, leading to operating deleverage.

Cost of sales decreased from approximately HK$5,977.2 million in Fiscal 2023 to approximately HK$5,433.2 million in Fiscal 2024 primarily due to decrease in cost of raw materials and employee benefit expenses as a result of the decrease in revenue.

Gross profit and gross profit margin

	For the year ended 31 March					
	2024		2023			
	Gross Profit ***HK$'000***	**Gross Profit margin %**	Gross Profit *HK$'000*	Gross Profit margin %	Change *HK$'000*	*%*
Intimate wear	**976,881**	**23.7**	1,108,426	25.1	(131,545)	(11.9)
Sports products	**493,713**	**21.4**	566,465	23.3	(72,752)	(12.8)
Consumer electronics components	**52,743**	**18.5**	81,561	22.0	(28,818)	(35.3)
Bra pads and other accessory products	**50,678**	**21.0**	72,194	22.4	(21,516)	(29.8)
Footwear	**9,552**	**17.0**	73,465	22.7	(63,913)	(87.0)
Gross profit	**1,583,567**	**22.6**	1,902,111	24.1	(318,544)	(16.7)

Our overall gross profit decreased from approximately HK$1,902.1 million in Fiscal 2023 to approximately HK$1,583.6 million in Fiscal 2024. The overall gross profit margin in Fiscal 2024 decreased by 1.5 percentage points to 22.6%, as compared to 24.1% in Fiscal 2023.

The decrease in overall gross profit margin was mainly due to operating deleverage as a result of decrease in revenue.

Other income

Our other income consists primarily of government grants and scrap sales income. It decreased from approximately HK$38.0 million in Fiscal 2023 to approximately HK$24.3 million in Fiscal 2024, primarily attributable to decrease in government grants subsidies, which depends 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.

Distribution and selling expenses as a percentage of total revenue remained relatively stable for both Fiscal 2023 and Fiscal 2024.

General and administrative expenses

General and administrative expenses primarily consist of employee benefit expenses for our administrative personnel, depreciation and amortisation, other taxes and surcharges, building management fee, insurance, office and administrative expenses, bank charges and others.

General and administrative expenses as a percentage of total revenue decreased from 8.9% in Fiscal 2023 to 8.0% in Fiscal 2024, mainly due to the Group's streamlining of operation and the 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 were 3.8% and 3.0% in Fiscal 2024 and Fiscal 2023 respectively.

Research and development costs increased from approximately HK$235.8 million in Fiscal 2023 to approximately HK$267.5 million in Fiscal 2024, mainly due to increase in employee benefit expenses and raw material costs as a result of the Group's strategic focus in new product development in Fiscal 2024.

Other operating expenses

To optimize its production layout in China, the Group has commenced the relocation of its Shenzhen production base by phases to the new production base in Zhaoqing.

In Fiscal 2024, an exceptional relocation cost of approximately HK$173.3 million was incurred, including:

- seniority compensation for employees of approximately HK$133.9 million, and
- write-off of fixed assets of approximately HK$39.4 million (Fiscal 2023: nil).

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 3.7% in Fiscal 2023 to 4.8% in Fiscal 2024, primarily attributable to global trend of rising interest rate.

Finance costs increased from approximately HK$293.5 million in Fiscal 2023 to approximately HK$337.0 million in Fiscal 2024 was primarily attributable to the reasons mentioned above.

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

In Fiscal 2023, the Group acquired 49% of the equity interest in VSCO. VSCO's revenue amounted to approximately HK$1,882.2 million in Fiscal 2024, representing an increase of 40.0% as compared with approximately HK$1,344.2 million in Fiscal 2023, whereas net profit amounted to approximately HK$85.4 million in Fiscal 2024, as compared to a net loss amounted to approximately HK$111.1 million Fiscal 2023.

Income tax expenses

Income tax expenses represent our total current and deferred tax expenses under the relevant Hong Kong, the People's Republic of China ("**PRC**") and Vietnam income tax rules and regulations.

Taxation arising in a jurisdiction is calculated at the rate prevailing in the relevant jurisdiction. For Fiscal 2024, the income tax expense amounted to approximately HK$9.0 million, as compared to approximately HK$73.0 million for Fiscal 2023.

Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA")

Adjusted EBITDA are derived by excluding exceptional restructuring cost. The Group's adjusted EBITDA margin remained relatively stable at 16.9% and 17.1% in Fiscal 2024 and Fiscal 2023 respectively.

Net profit

As a result of the cumulative effect of the above factors, our net profit in Fiscal 2024 was approximately HK$143.2 million, whereas net profit margin in Fiscal 2024 was 2.0%.

Liquidity, financial resources and bank borrowings

The current ratio (calculated as current assets/current liabilities) were 2.0 and 2.2 as of 31 March 2024 and 31 March 2023 respectively.

As at 31 March 2024, the Group's net debt (represented by bank borrowings less the cash and cash equivalents) was approximately HK$3,530.5 million (31 March 2023: HK$3,283.5 million). Net gearing ratio as at 31 March 2024 was 104.7% (31 March 2023: 92.6%), which was calculated as net debt divided by total equity.

As compared to 30 September 2023, our net debt was decreased by approximately HK$58.6 million from approximately HK$3,589.1 million to HK$3,530.5 million, while our net gearing ratio was improved by 6.6 percentage points from 111.3% to 104.7%.

Working capital management

	As at	
	31 March 2024 *(days)*	31 March 2023 *(days)*
Receivables turnover days	**45**	43
Payables turnover days	**25**	27

The receivables turnover days and payables turnover days have remained healthy and stable at 45 and 25 days respectively as at 31 March 2024.

Capital expenditures

For Fiscal 2024, the total addition to property, plant and equipment, leasehold land and land use rights, and intangible assets amounted to approximately HK$688.0 million (Fiscal 2023: HK$282.3 million), which was mainly attributable additions of production lines and construction of our production facilities and Zhaoqing staff dormitories.

Pledged assets

As at 31 March 2024 and 31 March 2023, insurance policy investments in the amount of approximately HK$69.6 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 minimize the currency translation risk.

Contingent liabilities

As at 31 March 2024, 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, during Fiscal 2024, the Group did not conduct any material investments, acquisitions or disposals. In addition, save for the expansion plans as disclosed in the sections headed "Business" and "Future Plans and Use of Proceeds" in the prospectus of the Company dated 24 September 2015 (the "**Prospectus**"), and the framework construction agreements disclosed in the announcements dated 24 July 2017 and 24 April 2018 respectively, the Group has no specific plan for major investment or acquisition for major capital assets or other businesses. However, the Group will continue to identify new opportunities for business development.

Employees and remuneration policies

As at 31 March 2024, the Group employed a total of approximately 37,006 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$2,385.1 million, representing 34.0% of the total revenue of the Group.

We believe our success depends heavily upon our employees' provision of consistent, quality and reliable services. In order to attract, retain and develop the knowledge, skill level and quality of our employees, we place a strong emphasis on training our employees. We provide on-site training periodically and across operational functions, including introductory training for new employees, technical training, professional and management training, team-building and communications training.

We enter into individual employment contracts with our employees to cover matters such as wages, employee benefits, safety and sanitary conditions in the workplace, and grounds for termination. We have designed an evaluation system to assess the performance of our employees. This system forms the basis of our determinations of whether an employee should receive salary raises, bonuses or promotions. Most of our technical personnel are trained and promoted internally, leading to greater employee stability and loyalty.

Events after the balance sheet date

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

FUTURE PROSPECTS AND STRATEGIES

Trend Analysis

As the Group enters Fiscal 2025, most consumer brands are in the later stage of the destocking cycle, and market conditions are expected to gradually recover. However, recognizing that the macro environment will continue to be affected by various factors, including the global economy, interest rates and geopolitics, the Group will closely monitor market trends to address potential risks and challenges.

In view of the dynamic market environment, an increasing number of brand partners are inclined to shorten lead times when placing orders. Meanwhile, brand partners are more willing to pay premiums for innovative and differentiated products in order to stimulate consumption and lead the market, resulting in a clear differentiation in the industry's supply chain ecosystem. The Group's commitment to offering differentiated and mid-to-high-end products will be conducive to achieving better profit margins. Based on the Group's long-standing edges in its core technologies, it has more clearly established its position as a unique and scarce supply chain partner among its major brand partners.

Following the business adjustment in Fiscal 2024, the Company is expected to see a recovery in order demand in Fiscal 2025, which will lead to a rebound in the total revenue.

Regarding the business segments:

– **Intimate wear**: The segment is expected to deliver low-to-mid single-digit revenue growth as orders from major brand partners continue to recover in Fiscal 2025, coupled with the introduction of new brand partners and notable performance in product categories such as bra tops, shapewear and panties.

– **Sports products**: Revenue from sports bras is expected to rebound steadily, while the bonding apparel category is expected to grow at a mid-double-digit rate. Total segment revenue is expected to grow at a double digit rate, making it the key growth driver for the Group's businesses.

– **Consumer electronics components**: Revenue growth is expected to resume in Fiscal 2025 with the gradual stabilization of market demand and successful initial launch of brand partners' products to the market.

– **Bra pads and other accessory products**: Revenue from bra pads is expected to grow in line with the intimate wear and sports products segments.

Although the Group expects that the seniority compensation for employees arising from the relocation to the Zhaoqing production base will weigh on its profitability over the next two years, the impact of this non-operating factor will reduce gradually as the business scales. The Group will continue to innovate, proactively respond to market changes, and strive for more stable and sustainable development.

STRATEGIES AND OUTLOOK

I. Prioritize core businesses to strengthen market leading position

After careful evaluation of the market conditions, economies of scale and other factors, the Group made a proactive decision to streamline the footwear business during Fiscal 2024. In view of the fact that consumer electronics brand partners have returned to rationality in placing orders for products related to virtual reality ("**VR**") headsets, the Group has made appropriate adjustments to its consumer electronics component business in order to agilely respond to market fluctuations. As orders in the intimate wear and sports segments have bottomed out and started to recover, the Group will continue to prioritize these two core businesses, capitalizing on the strengths of its core technologies and deepening collaboration with existing brand partners, i.e. the leading brands in intimate wear and sports products, to solidify the stability of its business foundation.

In recent years, the Group and its partners have continuously strengthened joint efforts in the R&D of raw materials such as foam, fabric and adhesives, and have achieved proprietary R&D results. Regina Miracle has continuously incorporated the application of industry-leading new materials, which, together with its unique and advanced craftsmanship, significantly enhanced the wearing experience of the products in its core segments of intimate wear and sports products. A number of these products are expected to be launched in the new fiscal year which will support business growth.

II. Focus on unique core craftsmanship to expand bonding apparel business for stable and sustainable long-term growth

Having long invested in the R&D of bonding craftsmanship, the Group has made remarkable progress in the areas of complementary materials and automated production, boasting a first-mover advantage and technological edge that is five to ten years ahead of the market. Through market research, the Group has identified buoyant demand for bonding apparel products and ample room to improve the quality of existing products in the market. After due evaluation, the Group clearly articulated its business strategy in the second half of Fiscal 2023, which is centered around its unique patented bonding craftsmanship, and focuses on the development of the apparel business as a long-term business growth engine through a differentiated path. The Group's bonding apparel business has already been recognized by a number of target brand partners, with order growth accelerating and successfully attracting the attention of new partners. Given the vast market size and higher average unit price compared to that of intimate wear, the sportswear business presents greater potential for sales scale expansion. As the Group is at an early stage of development in this business segment, there is still room for increasing the business base and market penetration. The differentiated products it has developed are prioritized for cross-selling to our existing core brand partners with solid relationships. From a variety of perspectives, the sportswear business is expected to offset the decrease in revenue resulting from the streamlining of the footwear business, mitigate business fluctuations, and provide the Group with a more robust, predictable and sustainable growth momentum.

In addition to bonding craftsmanship, the Group has also focused on the Santoni seamless business chain and made effective breakthroughs in product R&D, production management and sales expansion during Fiscal 2024. Orders for Santoni seamless related products recorded double-digit growth, a step forward in the implementation of strategies to foster repeated purchases by core brand partners and expand cross selling, and are expected to maintain growth momentum in the next year.

III. Leverage Zhaoqing production base to reinforce the path towards top-tier intelligent manufacturing

The Group regards the construction of the new Zhaoqing production base as a strategic measure to optimize its production layout in the PRC. From the start of construction, the overall planning of the production base has been designed to meet world-leading standards for modern and intelligent workshops through the introduction of automated production lines and advanced information management systems, with the aim of achieving data-driven and refined management. Compared with the original Shenzhen production base, the Zhaoqing production base has made significant progress in terms of modern construction, product positioning and sustainable development.

Leveraging the capabilities of the Zhaoqing production base, the Group will remain committed to developing towards the direction of top-tier intelligent manufacturing. Focus on its unique core technological advantages, the Group will chart a distinct product path to continuously enhance the added value of products and improve market competitiveness, aiming to target the Better & Best market positing in the PRC and provide consumers with higher quality and more distinctive product options.

As the operation of the Zhaoqing production base gradually matures in the future, its automated, digital and intelligent production equipment will further increase production efficiency and meet the local production needs of the Group's growing business in the PRC. Meanwhile, the Zhaoqing production base will also provide important support for international brands, VS China, and other quality domestic brands in their efforts to develop the PRC market, jointly promoting the development of the intimate wear and bonding apparel markets in the PRC.

IV. Conduct comprehensive review on asset turnover with meticulous planning on capital expenditure

Regina Miracle understands that product innovation is the key to driving a company forward and maintaining its competitive edge. In this process, in addition to raw materials and innovative craftsmanship, the combination of unique equipment assets is also indispensable. Regarding innovation and development, the Group will fully integrate existing equipment to support product R&D, and allocate investment in new equipment more precisely so as to strike a proper balance between promoting innovation and controlling capital expenditure. The Group will also raise awareness of asset turnover in "research, production and sales" and strive to improve the efficiency of asset turnover through measures such as refining management, optimizing production processes and strengthening sales strategies, so as to release more operating cash flow as the business develops and to control the impact of depreciation on net profit in financial terms.

V. **Optimize capital structure and increase shareholder returns by strengthening product positioning, and balancing innovation, scale and efficiency**

With the gradual recovery of the business, the Group will deepen its market insights and keep its finger on the pulse in terms of product positioning, and strengthening the introduction of high value-added products. In addition, the Group will place greater emphasis on the balance amongst product R&D and innovation, production scale, and efficiency in order to improve management and operational efficiency. While conducting R&D of pioneering and innovative products, the Group will rapidly integrate the results of innovation into high-efficiency large-scale production. At the same time, the Group will make full use of the advantages of automated and intelligent production of the plants in Vietnam and China, and optimize the existing management structure, aiming to reduce manpower by 20% based on the same production value of the Group to improve the personnel productivity, ultimately allowing innovation advantages to be better reflected in gross profit margin growth.

The Group hopes to further increase the level of operating profit and cash flow in the future through the efforts above, thereby laying a solid financial foundation for the optimization of its capital structure. The Group will strive to reduce its debt over Fiscal 2026-2028, with the aim of lowering its net gearing ratio to a healthy level, in order to optimize its financial position and generate better returns for shareholders.

VI. **Deepen deployment in the PRC market and drive business development of VS China**

In view of the core position of the PRC market, the Group will further deepen its collaboration with VS China to drive its business development in all aspects through measures such as optimizing operational processes, developing differentiated products and enhancing brand image.

Taking advantage of the unique e-commerce environment in China, the best-selling products developed by the Group for VS China can be quickly tested and optimized to provide timely product reference for the international market. Currently, several products developed for the PRC market have been successfully introduced to overseas markets, opening up new growth opportunities for the Group's IDM business.

VII. Committed to sustainable development and in solidarity with all stakeholders for a better future

Regina Miracle has always recognized environmental, social and governance (ESG) as a core element of its development. By establishing a comprehensive governance framework of "leadership – decision-making – execution", it has continued to improve the efficiency of ESG decision-making and implementation, actively promote sustainable development strategies, and integrate environmental and social responsibility into every aspect of the Group's management.

Over the past year, the Group has achieved remarkable results in carbon reduction, waste management, innovative development, talent nurturing and community engagement. Notably, the first phase of construction of its new production base in Zhaoqing has been awarded LEED (Leadership in Energy and Environmental Design) Gold certification, which not only demonstrates the Group's commitment to sustainability, but also to meeting the expectations of international brands for green production. In addition, the Group has secured a position among the "Top 100 Sustainable Businesses in Vietnam" (越南可持續發展企業100強) for the third consecutive year and has been included in the "Top 10 Sustainable Businesses in the Manufacturing Sector" (製造業組別十大可持續發展企業) and "Top 5 Pioneering Businesses in Adopting and Promoting Diversity, Equality and Inclusion Values in 2023" (建立多元化、公平及包容價值觀五大先驅企業2023) lists for the first time, which is the best recognition of its continuous efforts.

To echo the goal of limiting global warming to 1.5 degrees Celsius proposed under the Paris Agreement, the Group plans to submit science-based emission reduction targets to the Science Based Targets initiative in Fiscal 2025, and will install solar power generation facility at its Hung Yen factory in Vietnam, Haiphong C factory (Phase II) and Zhaoqing production base to further promote the use of clean energy. The Group looks forward to joining hands with all stakeholders to create a better future.

Conclusion

After two years of tough market challenges, the Group believes that the most difficult period is now behind us. While Regina Miracle has spared no efforts in overcoming the challenges, it has taken the opportunity to make profound strategic adjustments and business optimizations. The Group will continue to strengthen its market positions in its two core businesses, namely intimate wear and sports products, and leverage its unique craftsmanship to actively expand its bonding apparel business This will allow the Group to achieve stable, sustainable and diversified growth in its core businesses.

As the Group's key pivot, the Zhaoqing production base will facilitate the Group to deepen its presence in the PRC market and accelerate the development of VS China's business by leveraging its advantages in modern, top-tier and sustainable positioning. With the gradual recovery of the Group's business and the expansion of new product categories, the Group is confident about its future growth. Regina Miracle will continue to adhere to the development philosophy of innovation, speed and quality, and create greater and more sustainable value for all stakeholders.

CORPORATE GOVERNANCE

The Board and the management of the Group are committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth, enhancing the Company's value and bringing value to the shareholders. The corporate governance principles of the Company emphasize a quality Board, sound internal controls, and transparency and accountability to all shareholders.

The Board has established five Board committees namely, the audit committee, the nomination committee, the remuneration committee, the executive committee and the environmental, social and governance committee with written terms of reference in compliance with the Corporate Governance Code ("**CG Code**") contained in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**").

The Company has implemented and applied the principles contained within the recommended best practices as set out in Part 2 of the CG Code, including reflecting those principles in the Company's relevant policies. The Board has reviewed the Company's corporate governance practices and is satisfied that save as disclosed below, the Company has complied with all code provisions of the CG Code contained in Appendix C1 of the Listing Rules for the year ended 31 March 2024.

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.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with the CG Code. The audit committee comprises three independent non-executive Directors namely, Dr. Or Ching Fai, Mrs. To Wong Wing Yue Annie and Ms. Tam Laiman.

The chairman of the audit committee is Dr. Or Ching Fai who has appropriate professional qualifications. The primary responsibilities of the audit committee are to assist the Board in providing an independent review and supervision of the Group's financial and accounting policies, to review the financial controls, risk management and internal control systems of the Company, to oversee the audit process, and to perform other duties and responsibilities as delegated by the Board.

The audit committee has reviewed with the management and the external auditor of the Company the consolidated financial statements of the Group for Fiscal 2024, including accounting principles and practices adopted by the Group, and discussed internal controls and financial reporting matters related to the preparation of the annual results of the Group for Fiscal 2024.

The terms of reference of the audit committee were adopted on 11 September 2015 and revised on 24 March 2016 and further revised on 23 January 2019 which are available for inspection on the websites of the Company at www.reginamiracleholdings.com and The Stock Exchange of Hong Kong Limited at www.hkexnews.hk.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet and the related notes thereto for the year ended 31 March 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 of the Listing Rules as its code of conduct regarding directors' securities transactions. Upon specific enquiries being made with all Directors, each of them confirmed that they have complied with the required standards set out in the Model Code for the year ended 31 March 2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the year ended 31 March 2024.

FINAL DIVIDEND

The Board has resolved to propose a final dividend of HK2.2 cents per share for the year ended 31 March 2024. Together with the interim dividend of HK3.5 cents per share, the total dividend distribution represents approximately 48.7% of the Group's net profit for the year ended 31 March 2024.

The proposed final dividend payment is subject to approval by the shareholders of the Company at the forthcoming annual general meeting ("**AGM**") to be held on Wednesday, 11 September 2024. If approved by shareholders, the proposed final dividend is expected to be paid on or about Wednesday, 2 October 2024 to shareholders whose names appear on the register of members of the Company on Friday, 20 September 2024.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed as follows:

(1) For the purpose of determining the shareholder's eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 5 September 2024 to Wednesday, 11 September 2024, both days inclusive. In order to qualify for attending and voting at the AGM, shareholders should ensure that all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. (Hong Kong time) on Wednesday, 4 September 2024.

(2) The final dividend will be payable on or about Wednesday, 2 October 2024 to the shareholders whose names appear on the register of members of the Company on Friday, 20 September 2024. For the purpose of ascertaining shareholders' entitlement for the final dividend, the register of members of the Company will be closed from Tuesday, 17 September 2024 to Friday, 20 September 2024, both days inclusive. To qualify for the final dividend, shareholders should ensure that all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. (Hong Kong time) on Monday, 16 September 2024.

ANNUAL GENERAL MEETING

The AGM will be held on Wednesday, 11 September 2024. Notice of the AGM will be sent to the shareholders of the Company in due course.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement will be published on the websites of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the Company's website at www.reginamiracleholdings.com. The annual report 2023/24 and the notice of the AGM will be dispatched to the shareholders of the Company and made available on the websites of The Stock Exchange of Hong Kong Limited and the Company in due course.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank all our shareholders, business partners, customers, suppliers, bankers, the management and staff for their support and contribution to the Group and its business throughout the year ended 31 March 2024.

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

Hong Kong, 26 June 2024

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.