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## ELEGANCE OPTICAL INTERNATIONAL HOLDINGS LIMITED

高雅光學國際集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 907)

### INTERIM RESULTS

### FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

#### INTERIM RESULTS

The board of directors (the “**Board**” or “**Directors**”) of Elegance Optical International Holdings Limited (the “**Company**”) would like to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2023 (“**Period**”) together with the comparative figures for the corresponding period in 2022 as set out below:

#### UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2023

	Notes	For the six months ended	
		30 September 2023 (Unaudited) HK\$'000	2022 (Unaudited) (Restated) HK\$'000
<b>Continuing operations</b>			
Revenue	5	10,296	5,994
Cost of sales and services		(8,669)	(3,800)
Gross profit		1,627	2,194
Other income	5	2,242	1,005
Selling and distribution expenses		(20)	–
Administrative expenses		(13,318)	(1,716)
Finance costs	6	(26)	(453)
Share of loss of an associate		–	(875)
<b>(Loss)/profit before tax</b>	7	<b>(9,495)</b>	155
Income tax expense	8	–	–
<b>(Loss)/profit for the period from continuing operations</b>		<b>(9,495)</b>	155

	<i>Notes</i>	<b>For the six months ended</b>	
		<b>2023</b>	<b>2022</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<i>HK\$'000</i>	<i>(Restated)</i>
		<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Discontinued operations</b>			
Loss for the period from discontinued operations	9	–	(15,406)
<b>Loss for the period</b>		<b>(9,495)</b>	<b>(15,251)</b>
Profit/(loss) for the period attributable to owners of the Company:			
– from continuing operations		(9,495)	155
– from discontinued operations		–	(11,491)
Loss for the period attributable to owners of the Company		<b>(9,495)</b>	<b>(11,336)</b>
Loss for the period attributable to non-controlling interests:			
– from continuing operations		–	–
– from discontinued operations		–	(3,915)
Loss for the period attributable to non-controlling interests		–	(3,915)
<b>Loss for the period</b>		<b>(9,495)</b>	<b>(15,251)</b>
		<b>2023</b>	<b>2022</b>
		<b><i>HK cents</i></b>	<b><i>HK cents</i></b>
<b>EARNINGS/(LOSS) PER SHARE</b>			
<b>From continuing and discontinued operations</b>			
Basic	11	(1.09)	(1.30)
Diluted		N/A	N/A
<b>From continuing operations</b>			
Basic		(1.09)	0.02
Diluted		N/A	N/A

**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the six months ended 30 September 2023*

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
LOSS FOR THE PERIOD	<u><b>(9,495)</b></u>	<u>(15,251)</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Share of exchange differences on translation of a joint venture	–	(32)
Share of exchange differences on translation of an associate	–	(98)
Exchange differences on translation of foreign operations	<u><b>276</b></u>	<u>(1,765)</u>
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD, NET OF TAX	<u><b>276</b></u>	<u>(1,895)</u>
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD, NET OF TAX	<u><b>(9,219)</b></u>	<u>(17,146)</u>
Total comprehensive expense for the period attributable to:		
Owners of the Company	<u><b>(9,219)</b></u>	(11,019)
Non-controlling interests	–	<u>(6,127)</u>
	<u><b>(9,219)</b></u>	<u>(17,146)</u>

## UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2023

		<b>30 September 2023</b>	31 March 2023
		<b>(Unaudited)</b>	(Audited)
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>5,351</b>	5,052
Prepayments, deposits and other receivables		<b>5,913</b>	5,913
Investment properties		<b>50,811</b>	50,848
Investment in an associate		<b>29,000</b>	29,000
		<hr/> <b>91,075</b>	<hr/> 90,813
<b>CURRENT ASSETS</b>			
Inventories		<b>45</b>	62
Films copyright investments		<b>10,300</b>	–
Trade receivables	<i>12</i>	<b>4,023</b>	6,416
Prepayments, deposits and other receivables		<b>21,277</b>	26,323
Financial assets at fair value through profit or loss		<b>17,160</b>	17,333
Cash and cash equivalents		<b>7,192</b>	7,403
		<hr/> <b>59,997</b>	<hr/> 57,537
<b>CURRENT LIABILITIES</b>			
Trade payables	<i>13</i>	<b>4,148</b>	6,341
Other payables, accruals and deposits received		<b>41,437</b>	36,712
Interest-bearing borrowings		<b>9,696</b>	–
Contract liabilities		<b>1,665</b>	1,912
Income tax payable		<b>15,327</b>	15,327
		<hr/> <b>72,273</b>	<hr/> 60,292
<b>NET CURRENT LIABILITIES</b>		<hr/> <b>(12,276)</b>	<hr/> (2,755)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<hr/> <b>78,799</b>	<hr/> 88,058

		<b>30 September</b>	31 March
		<b>2023</b>	2023
		<b>(Unaudited)</b>	(Audited)
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>NON-CURRENT LIABILITIES</b>			
Deposits received		<b>483</b>	483
Deferred tax liabilities		<b>1,133</b>	1,173
		<u><b>1,616</b></u>	<u>1,656</u>
<b>NET ASSETS</b>		<u><b>77,183</b></u>	<u>86,402</u>
<b>EQUITY</b>			
Share capital	<i>14</i>	<b>8,728</b>	8,728
Reserves		<b>68,455</b>	77,674
<b>TOTAL EQUITY</b>		<u><b>77,183</b></u>	<u>86,402</u>

# NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. CORPORATION INFORMATION

The unaudited interim condensed consolidated financial statements of Elegance Optical International Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2023 were authorised for issue in accordance with a resolution of the directors on 30 November 2023.

The Company is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

During the Period, the Company was engaged in investment holding and the Group was engaged in the trading of optical frames and sunglasses, property investment, investment in debts and securities, film and film rights investment and film distribution business and energy business.

### **Restatement of comparative information regarding discontinued operations**

During financial year ended 31 March 2023, as detailed in note 9, the Group disposed of Gold Strong Industrial Limited (“**Gold Strong**”). Gold Strong and its subsidiaries are principally engaged in the manufacture and trading of optical frames and sunglasses and property investment. Following the completion of the disposal, the Group discontinued the business operations undertaken by Gold Strong and its subsidiaries, which are regarded as the discontinued operations of the Group.

The comparative information included the unaudited interim condensed consolidated statement of profit or loss and other comprehensive income, together with notes thereon, for the six months ended 30 September 2022 has been restated, where appropriate, in order to conform with the current period’s presentation of the discontinued operations separately from continuing operations. As the restatement of comparative information has had no effect on the consolidated assets and consolidated liabilities of the Group at 31 March 2023 presented in the Group’s unaudited interim condensed consolidated statement of financial position, it is not necessary to restate any comparative information in that respect.

## 2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 September 2023 have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

### Going concern basis

Notwithstanding that the Group incurred net losses amounted to approximately HK\$9,495,000 and HK\$15,251,000 for the six months ended 30 September 2023 and 30 September 2022, respectively, and the current liabilities of the Group at 30 September 2023 exceed the Group's current assets at that date by approximately HK\$12,276,000, the directors of the Company consider it appropriate for the preparation of the unaudited interim condensed consolidated financial statements on a going concern basis after taking into account the following circumstances and measures:

- (a) The Company entered into a loan agreement with an independent third party (the “**Lender**”) on 30 June 2023, pursuant to which, the Lender has agreed to grant the Company a short term loan facility to aggregate extent of HK\$18,000,000 for the period from the date of first draw down to eighteen months from the date of first draw down to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future.
- (b) The Group is implementing various measures, such as optimising its overall sales network and undergoing effective cost control to improve the profit margin and operating cash flows of its business.
- (c) The Group will also continue to seek for other alternative financing and bank borrowings to finance the settlement of its existing financial obligations and future operating and capital expenditures.

The directors of the Company are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due for at least twelve months after the date of this result announcement. Accordingly, the unaudited interim condensed consolidated financial statements have been prepared on a going concern basis. Should the Group be unable to operate as a going concern, adjustments would have to be made to reduce the carrying amounts of the Group's assets to their net realisable amounts, to provide for further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the unaudited interim condensed consolidated financial statements.

### 3. PRINCIPAL ACCOUNTING POLICIES

The interim condensed financial statements have been prepared under the historical cost convention, except for the investment properties, a financial asset at fair value through other comprehensive income and equity investments at fair value through profit or loss, which have been measured at fair value. These unaudited interim condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand except when otherwise indicated.

Other than the changes in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“**HKFRS**”), the accounting policies and basis of preparation adopted in the preparation of the unaudited interim condensed consolidated financial statements are same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2023.

In the Period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on 1 April 2023 for the preparation of the Group's unaudited interim condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International tax reform – Pillar Two Model Rules

The application of the above new and amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these unaudited interim condensed consolidated financial statements.

The Group has not early applied any new or amended HKFRSs that have been issued but are not yet effective for the current accounting period.

The unaudited interim condensed consolidated financial statements for the Period have not been audited by the Company's independent auditor but have been reviewed by the Company's audit committee.

#### 4. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has five reportable operating segments as follows:

##### **Continuing operations**

- (a) the trading segment engaged in trading of optical frames and sunglasses;
- (b) the property investment segment engaged in leasing of properties for rental income;
- (c) the debts and securities investment segment engaged in investments in financial instruments and quoted shares;
- (d) the film and film rights investment and film distribution segment engaged in film rights/copyrights and movie investments and distributions; and
- (e) the energy business segment engaged in investments in energy sector related instrument and sale and trading of petroleum chemical products.

##### **Discontinued operations**

In addition, the Group discontinued the following operations which were undertaken by the former subsidiaries, Gold Strong and its subsidiaries, which were disposed of by the Group during the year ended 31 March 2023.

- (f) the manufacturing and trading segment engaged in manufacture and trading of optical frames and sunglasses; and
- (g) the property investment segment engaged in leasing of properties for rental income.

The disposed subsidiaries were considered by the management as separate major line of business of the Group. Accordingly, the entire manufacturing and trading segment and part of the property investment segment were accounted for as discontinued operations. Details about these discontinued operations and the disposal are set out in Note 9. Previously reported figures in respect of certain segment revenue and segment results for the six months ended 30 September 2022 have been restated to conform with the presentation of segmental information adopted in respect of the current period.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that interest income, finance costs and corporate and other unallocated expenses are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

### For the six months ended 30 September 2023 (unaudited)

	Continuing operations					Discontinued operations				Total HK\$'000
	Trading HK\$'000	Property investment HK\$'000	Debts and securities investment HK\$'000	Film and film rights investment and film distribution HK\$'000	Energy business HK\$'000	Subtotal HK\$'000	Property investment HK\$'000	Manufacturing and trading HK\$'000	Subtotal HK\$'000	
<b>Segment revenue</b>										
Revenue from external customers	7,859	700	-	1,737	-	10,296	-	-	-	10,296
<b>Segment profit/(loss)</b>	(7,411)	118	633	(458)	-	(7,118)	-	-	-	(7,118)
Bank interest income						2				2
Corporate and other unallocated expenses						(2,353)				(2,353)
Finance costs						(26)				(26)
Loss before tax						(9,495)				(9,495)

### For the six months ended 30 September 2022 (unaudited) (restated)

	Continuing operations					Discontinued operations				Total HK\$'000
	Property investment HK\$'000	Debts and securities investment HK\$'000	Film and film rights investment and film distribution HK\$'000	Energy business HK\$'000	Subtotal HK\$'000	Property investment HK\$'000	Manufacturing and trading HK\$'000	Subtotal HK\$'000		
<b>Segment revenue</b>										
Revenue from external customers	675	-	5,319	-	5,994	300	15,326	15,626	21,620	
<b>Segment profit/(loss)</b>	1,192	(2,011)	4,666	-	3,847	(1,071)	(14,151)	(15,222)	(11,375)	
Bank interest income					1			95	96	
Corporate and other unallocated expenses					(2,365)			-	(2,365)	
Finance costs					(453)			(279)	(732)	
Share of loss of an associate	-	-	(875)	-	(875)	-	-	-	(875)	
Profit/(loss) before tax					155			(15,406)	(15,251)	

Other than the segment information disclosed above, there was no other information reviewed by management for both periods.

## Segment assets and liabilities

No analysis of the Group's assets and liabilities by operating and reportable segments is disclosed as it is not regularly provided to management for review.

## Geographical information

### (a) Revenue from external customers

	For the six months ended	
	30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	(Restated) HK\$'000
<b>Continuing operations</b>		
Europe	3,010	–
America	3,708	–
The People's Republic of China ("PRC") (including Hong Kong)	2,846	5,994
Others	732	–
	<u>10,296</u>	<u>5,994</u>
<b>Discontinued operations</b>		
Europe	–	2,383
America	–	11,974
The PRC (including Hong Kong)	–	582
Others	–	687
	<u>–</u>	<u>15,626</u>
Total revenue	<u>10,296</u>	<u>21,620</u>

The revenue information above is based on the locations of the customers. The PRC (including Hong Kong) segment mainly represents gain or loss on debts and securities investment, rental income from leases located in Hong Kong and the PRC, sales of eyewear products to local agents and retailers in Hong Kong and film distribution income. The Directors believe that the agents in Hong Kong export most of the Group's products to Europe and America.

### (b) Non-current assets

All significant operating assets of the Group are located in the PRC (including Hong Kong). Accordingly, no geographical information of segment assets is presented.

## 5. REVENUE AND OTHER INCOME

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts, gross rental income and film distribution agency and commission income.

An analysis of the Group's revenue and other income is as follows:

	For the six months ended 30 September			
	Continuing operations		Discontinued operations	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited) (Restated)	(Unaudited)	(Unaudited) (Restated)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Revenue:</b>				
Sale of goods – at point in time	7,859	–	–	15,326
Film distribution agency and commission income – over time	1,737	5,319	–	–
	<u>9,596</u>	<u>5,319</u>	<u>–</u>	<u>15,326</u>
Revenue from contracts with customers	9,596	5,319	–	15,326
Rental income from lease of investment properties	700	675	–	300
	<u>10,296</u>	<u>5,994</u>	<u>–</u>	<u>15,626</u>
<b>Total revenue recognised</b>	<b>10,296</b>	<b>5,994</b>	<b>–</b>	<b>15,626</b>
<b>Other income:</b>				
Accounting service fee	990	820	–	–
Bank interest income	2	1	–	95
Gain on change in fair value of financial assets at fair value through profit or loss – investments in securities	829	–	–	–
Rental income from lease of machineries	–	–	–	1,322
Others	421	184	–	615
	<u>2,242</u>	<u>1,005</u>	<u>–</u>	<u>2,032</u>

## 6. FINANCE COSTS

	For the six months ended 30 September			
	Continuing operations		Discontinued operations	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited) (Restated)	(Unaudited)	(Unaudited) (Restated)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest on borrowings	26	453	-	-
Interest on lease liabilities	-	-	-	279
	<u>26</u>	<u>453</u>	<u>-</u>	<u>279</u>

## 7. LOSS/(PROFIT) BEFORE TAX

The Group's loss/(profit) before tax is arrived at after charging:

	For the six months ended 30 September			
	Continuing operations		Discontinued operations	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited) (Restated)	(Unaudited)	(Unaudited) (Restated)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost of inventories sold ( <i>note a</i> )	7,599	-	-	10,419
Depreciation of property, plant and equipment	240	6	-	1,495
Depreciation of right-of-use assets	-	-	-	269
Employee benefit expense (including directors' remuneration):				
Wages, salaries and other benefits	6,748	1,019	-	12,777
Pension scheme contributions ( <i>note b</i> )	200	47	-	226
Total employee benefit expense	<u>6,948</u>	<u>1,066</u>	<u>-</u>	<u>13,003</u>

Notes:

- (a) Included in "cost of sales and services" on the face of the unaudited interim condensed consolidated statement of profit or loss.
- (b) At the end of the reporting period, the Group had no forfeited pension scheme contributions available to reduce its contributions to the pension schemes in future (2022: Nil).

## 8. INCOME TAX

No provision for the Hong Kong profits tax has been made as the Group does not generate any assessable profits subject to Hong Kong profits tax for the Period (2022: Nil). No provision for income tax elsewhere has been made as the Group has no profits assessable in other jurisdictions in which the Group operates.

## 9. DISCONTINUED OPERATIONS

On 28 September 2022, the Group entered into a sale agreement with, Mr. Hui Leung Wah, a director of certain subsidiaries of the Group, to dispose of a subsidiary, Gold Strong. Gold Strong and its subsidiaries carried out the Group's operations of manufacturing and trading of optical frames and sunglasses and property investment. The disposal was effected in order to have better financial result by cessation of cost inefficient business. The disposal was completed on 24 October 2022, the date on which the control of Gold Strong and its subsidiaries was passed to the acquirer and the Group discontinued the operations of manufacturing and trading of optical frames and sunglasses and part of property investment previously undertaken by Gold Strong and its subsidiaries.

The comparative information presented in the unaudited interim condensed consolidated statement of profit or loss and other comprehensive income have been restated to conform with the current period's presentation.

The results of the discontinued operations for the period from 1 April 2022 to 30 September 2022 are analysed as below:

	<i>Notes</i>	<b>For the six months ended</b>	
		<b>2023</b>	<b>2022</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue	5	–	15,626
Cost of sales		–	(16,003)
		<hr/>	<hr/>
Gross loss		–	(377)
Other income and gains	5	–	2,032
Selling and distribution expenses		–	(261)
Administrative expenses		–	(16,521)
Finance costs	6	–	(279)
		<hr/>	<hr/>
Loss before tax	7	–	(15,406)
Income tax	8	–	–
		<hr/>	<hr/>
Loss for the period		–	(15,406)
		<hr/> <hr/>	<hr/> <hr/>

## 10. INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 September 2023 (2022: Nil).

## 11. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share attributable to owners of the Company is based on the following data:

	For the six months ended 30 September			
	Continuing and discontinued operations		Continuing operations	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Profit/(loss) for the purpose of basic earnings/(loss) per share</b>				
Profit/(loss) for the period attributable to owners of the Company	<u>(9,495)</u>	<u>(11,336)</u>	<u>(9,495)</u>	<u>155</u>
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	'000	'000	'000	'000
<b>Number of shares for the purpose of basic earnings/(loss) per share</b>				
Weighted average number of ordinary shares in issue	<u>872,864</u>	<u>872,864</u>	<u>872,864</u>	<u>872,864</u>

The computation of diluted earnings/(loss) per share does not assume the exercise of the Company's share options granted because the exercise prices of those share options granted were higher than the average market prices for shares of the Company for the each of the six months ended 30 September 2023 and 30 September 2022.

No diluted earnings/(loss) per share is presented as the Group had no other potentially dilutive ordinary shares in issue during the six months ended 30 September 2023 and 30 September 2022.

## 12. TRADE RECEIVABLES

	<b>30 September 2023 (Unaudited) HK\$'000</b>	31 March 2023 (Audited) HK\$'000
Trade receivables	5,530	7,923
Impairment	(1,507)	(1,507)
	<u>4,023</u>	<u>6,416</u>

The Group's trading terms with its customers are mainly on credit, except for new customers where payment in advance is normally required. The credit period is generally ranging from 45 to 120 days (31 March 2023: 45 to 120 days). Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are regularly reviewed by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest bearing.

An aged analysis of trade receivables as at 30 September 2023 and 31 March 2023, based on the invoice date and net of provisions, is as follows:

	<b>30 September 2023 (Unaudited) HK\$'000</b>	31 March 2023 (Audited) HK\$'000
Within 90 days	3,616	5,554
91 – 180 days	–	–
181 – 360 days	407	862
	<u>4,023</u>	<u>6,416</u>

### 13. TRADE PAYABLES

The following is an aged analysis of the trade payables as at 30 September 2023 and 31 March 2023 based on the payment due date:

	<b>30 September 2023 (Unaudited) HK\$'000</b>	31 March 2023 (Audited) HK\$'000
Within 90 days	4,114	6,325
91 – 180 days	34	3
181 – 360 days	–	–
Over 360 days	–	13
	<u>4,148</u>	<u>6,341</u>

### 14. SHARE CAPITAL

	<b>30 September 2023 (Unaudited) HK\$'000</b>	31 March 2023 (Audited) HK\$'000
Authorised: 10,000,000,000 (31 March 2023: 10,000,000,000) shares of HK\$0.01 each	<u>100,000</u>	<u>100,000</u>
Issued and fully paid: 872,863,684 (31 March 2023: 872,863,684) shares of HK\$0.01 each	<u>8,728</u>	<u>8,728</u>

There are no movements in the Company's issued share capital during the six months ended 30 September 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### **Eyewear Business**

Revenue from the trading of optical frames and sunglasses (“**Eyewear Business**”) for the six months ended 30 September 2023 was approximately HK\$7.9 million, compared to HK\$15.3 million for the same period last year when the Group was engaging in manufacturing and trading of optical frames and sunglasses. The change was mainly due to the Company is undergoing a strategic transition of its eyewear business operations during the Period, following the disposal of its manufacturing plant in 2022. As part of repositioning of the Eyewear Business, the Company has shifted its focus to a sourcing and procurement service provider for eyewear products. This new positioning aims to alleviate pressures from high manufacturing costs and allow greater flexibility in meeting client demands. The Company leverages its technical expertise and long-cultivated supplier relationships to provide one-stop sourcing solutions for components, production, quality assurance and delivery of eyewear products for brand owners. While the business transition led to a temporary revenue decline, the Company has continued serving its established customer base while engaging new accounts. Recent sales momentum has also been positive.

#### **Film Business**

Revenue from the film and film rights investment and film distribution (“**Film Business**”) decreased to HK\$1.7 million for the Period, from HK\$5.3 million in the same period last year. The decrease was mainly attributable to the strategic decision to redirect resources from distribution services to film investment projects during the Period, given improving industry conditions.

As the film industry continues recovering from the severe impacts of the pandemic, the Company has been presented with attractive film investment opportunities offering significant upside gain. During the Period, the Company focused on appraising prospective film investment projects rather than engaging in film distribution and related services. A temporary decline in revenue is observed as result of reallocation of resources.

However, this strategic move allows the Company to capture the rebound momentum of the recovering film industry. During the Period, the Company has entered into long term film participation agreement with one of the prominent player in Hong Kong film industry. The Company has invested HK\$10.3 million in three local films with copyrights. Additional investments are already in the pipeline. By focusing resources on film and film rights investments with strong commercial prospects, the Company aims to revitalise its Film Business, in particular, film and film rights investment business, and restore its growth trajectory.

#### **Other Business**

For property investment, rental income decreased from HK\$1.0 million in the same period last year to HK\$0.7 million for the Period following the disposal of certain investment properties in the year ended 31 March 2023.

For debts and securities investment segment, the Group did not record any revenue for both periods. As at 30 September 2023, the fair value of the Group's securities investment amounted to approximately HK\$17.2 million. The management will continue to adopt prudent approach under the volatile financial market.

For energy business, the Group did not generate any revenue during the Period (2022: Nil).

## **PROSPECT**

Despite global economic challenges, the Company remains optimistic about the prospects of its two core business segments.

For the Eyewear Business, the Company believes its repositioning as a procurement and sourcing services provider has strategically aligned operations for changing industry dynamics. By leveraging the Company's specialised expertise, client relationships and supplier network cultivated over decades in the eyewear industry, the leaner sourcing model provides a more flexible, cost-efficient platform for growth.

Recent sales momentum has been reassuring, with improved traction as more customers become accustomed to the new service model. Building on this recovery trajectory, the Company aims to continue expanding its customer base while deepening partnerships with existing accounts. Assuming steady macroeconomic conditions, the Company targets a progressive restore of the Eyewear Business to pre-transition levels.

For the Film Business, the Company is seeing positive signs of recoverability in the film industry following an unprecedented multi-year disruption from COVID-19. As audience sentiment improves and the market landscape remains complex and ever-changing, the Company will pursue its business growth by optimising its deployment of the film investment strategy. By allocating capital across a slate of high-quality film releases rather than concentrating resources in any single project, the Company can balance risks and rewards from Film Business. Looking forward, the Company will continue and manage its investment in Film Business.

## **CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

As at 30 September 2023, the Company had no capital commitments, which were contracted but not provided for, in respect of acquisition of property, plant and equipment (31 March 2023: Nil). As at 30 September 2023, the Company had no contingent liabilities (31 March 2023: Nil) in respect of corporate guarantees given to banks for the general banking facilities granted to its subsidiaries.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group's financial position with cash and cash equivalents of approximately HK\$7.2 million (31 March 2023: HK\$7.4 million), short-term borrowings of HK\$9.7 million (31 March 2023: Nil) and the debt to equity ratio (expressed as a percentage of non-current liabilities over equity attributable to owners of the Company) is approximately 2.1% as at 30 September 2023 (31 March 2023: 1.9%). The non-current liabilities of the Company mainly comprised of deferred tax liabilities and deposit received amounting to approximately HK\$1.1 million and HK\$0.5 million respectively (31 March 2023: HK\$1.2 million and HK\$0.5 million) which came up a total amount of approximately HK\$1.6 million as at 30 September 2023 (31 March 2023: HK\$1.7 million). The Group's equity attributable to owners of the Company as at 30 September 2023 amounted to approximately HK\$77.2 million (31 March 2023: HK\$86.4 million).

As at 30 September 2023, the Group's current liabilities exceeded its current assets by HK\$12.3 million (31 March 2023: HK\$2.8 million). A series of plans and measures have been taken to mitigate liquidity pressure and to improve the financial position of the Group. In order to enhance the liquidity and improve the financial position of the Group, the Group has obtained external credit facilities.

Details regarding uncertainties on the going concern of the Group and the respective plans and measures are set out in the section headed "Going concern basis" in note 2 to the notes to the interim condensed consolidated financial statements.

## **CORPORATE GOVERNANCE**

During the six months ended 30 September 2023, the Company has adopted and complied with the applicable code provisions as set out in the Corporate Governance Code (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Board has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standards of dealings as set out in Appendix 10 of the Listing Rules regarding Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"). Having made specific enquiry to all Directors, all of them confirmed that they had complied with the required standard of dealings as set out in the Model Code throughout the Period.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 September 2023.

## **REVIEW OF UNAUDITED INTERIM RESULTS**

The unaudited interim condensed consolidated financial information for the six months ended 30 September 2023 has not been reviewed nor audited by the Company's auditor, CCTH CPA Limited, but has been reviewed by the audit committee of the Company, which comprises the three independent non-executive Directors of the Company.

## **PUBLICATION OF THE UNAUDITED INTERIM RESULTS AND INTERIM REPORT**

This interim results announcement is published on the websites of the Stock Exchange at (<https://www.hkexnews.hk>) and the Company (<http://www.irasia.com/listco/hk/eleganceoptical>). The interim report of the Company for the Period will be dispatched to the shareholders of the Company and will be available on the aforesaid websites in due course.

By order of the Board  
**Elegance Optical International Holdings Limited**  
**Chung Yuk Lun**  
*Executive Director*

Hong Kong, 30 November 2023

*As at the date of this announcement, the executive Director is Mr. Chung Yuk Lun; and the independent non-executive Directors are Mr. Man Wai Lun, Mr. Cheng Chun Man and Mr. Hui Man Ho, Ivan.*