



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



2024/25
INTERIM
REPORT



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Director

Ms. Zhu Guohua

Mr. Gu Jianguo

Independent Non-Executive Directors

Mr. Chan Chi Wai

Mr. Law, Michael Ka Ming

Ms. Lai Pik Chi Peggy

AUDIT COMMITTEE

Ms. Lai Pik Chi Peggy (*Chairman*)

Mr. Chan Chi Wai

Mr. Law, Michael Ka Ming

NOMINATION COMMITTEE

Mr. Law, Michael Kai Ming (*Chairman*)

Mr. Chan Chi Wai

Ms. Lai Pik Chi Peggy

Ms. Zhu Guohua

Mr. Gu Jianguo

REMUNERATION COMMITTEE

Mr. Law, Michael Kai Ming (*Chairman*)

Mr. Chan Chi Wai

Ms. Lai Pik Chi Peggy

Ms. Zhu Guohua

Mr. Gu Jianguo

COMPANY SECRETARY

Mr. Pang Wai Ho

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited

Chong Hing Bank Limited

AUDITOR

CCTH CPA Limited

HONG KONG SHARE REGISTRAR

Union Registrars Limited

Suites 3301-04, 33/F

Two Chinachem Exchange Square

338 King's Road

North Point, Hong Kong

PRINCIPAL SHARE REGISTRAR

Conyers Corporate Services (Bermuda) Limited

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

REGISTERED OFFICE

Clarendon House 2

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Bermuda

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STOCK CODE

907



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 2024 was approximately HK\$4.8 million, compared to HK\$7.9 million for the same period last year when the Group was engaging in manufacturing and trading of optical frames and sunglasses. 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”) increased to HK\$2.0 million for the Period, from HK\$1.7 million in the same period last year. The increase was mainly attributable to the strategic decision to redirect resources from distribution services to film investment projects during the Period, given improving industry conditions.



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW *(Continued)*

Film Business *(Continued)*

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 continually invested two local films with copyrights. 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\$0.7 million in the same period last year to HK\$0.5 million for the Period following the disposal of certain investment properties in the year ended 31 March 2024.

For debts and securities investment segment, the Group did not record any revenue for both periods. 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 (2023: Nil).

PROSPECT

The Eyewear Business's strategic shift to a procurement and sourcing service provider aimed to enhance flexibility and cost-efficiency, but has been challenged by deteriorating macroeconomic conditions. Instead of the expected steady recovery to pre-transition levels, the global economic landscape has imposed significant difficulties, particularly with persistent inflation in key markets like Europe and the United States, which has reduced consumer purchasing power and demand for discretionary eyewear products.

Facing unprecedented challenges approaching to March 31, 2025, the Company is under pressure from rising production costs in Mainland China and increased competition from lower-cost Southeast Asian manufacturers. To address these issues, management is implementing a long-term strategy to diversify the supply chain by forming partnerships with cost-competitive suppliers in Southeast Asia. However, this transition will take time and may impact short-term performance as the Company works to establish reliable relationships that meet quality standards.



MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECT *(Continued)*

For the Film Business, the Hong Kong film industry is showing promising signs of recovery, buoyed by a resurgence in audience enthusiasm and supportive government policies aimed at promoting investment and film production. Recent strategic collaborations, reflect the Group's commitment to diversification through portfolio investments in multiple film projects. This approach aims to generate sustainable returns while mitigating risks associated with individual film performances.

The industry's resilience in overcoming challenges posed by the COVID-19 pandemic, coupled with international recognition of Hong Kong cinema, sets a solid foundation for growth. The Company is actively seeking further cooperation and investment opportunities with major production houses, reinforcing its determination to expand its presence in the film sector and foster strong industry partnerships.

CHARGES ON THE GROUP'S ASSETS

As at 30 September 2024, the Group did not have any indebtedness secured by assets of the Group.

FOREIGN CURRENCY RISK

The Group conducts its business transactions mainly in HKD, RMB and USD. As HKD is pegged to USD, the Group does not foresee any material exchange risk in this respect. However, the Group is subject to certain foreign exchange impact caused by the exchange rate fluctuation of RMB. The management will closely monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 September 2024, the Company had no capital commitments, which were contracted but not provided for, in respect of acquisition of property, plant and equipment (31 March 2024: Nil). As at 30 September 2024, the Company had no contingent liabilities (31 March 2024: Nil) in respect of corporate guarantees given to banks for the general banking facilities granted to its subsidiaries.



MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2024, the Group employed 24 (2023: 166) full time employees in Mainland China and Hong Kong. Salaries, bonuses and benefits are determined with reference to market terms and performance, qualifications and experience of each individual employee, and are subject to review from time to time.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's financial position with cash and cash equivalents of approximately HK\$4.3 million (31 March 2024: HK\$7.1 million), short-term borrowings of HK\$42.9 million (31 March 2024: HK\$13.1 million) and the debt to equity ratio (expressed as a percentage of non-current liabilities over equity attributable to owners of the Company) is approximately 30.8% as at 30 September 2024 (31 March 2024: 6.3%). The non-current liabilities of the Company mainly comprised of deferred tax liabilities amounting to approximately HK\$1.1 million (31 March 2024: HK\$1.1 million). The Group's equity attributable to owners of the Company as at 30 September 2024 amounted to approximately HK\$3.7 million (31 March 2024: HK\$17.9 million).

As at 30 September 2024, the Group's current liabilities exceeded its current assets by HK\$49.0 million (31 March 2024: HK\$34.2 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.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the six months ended	
		2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Revenue	5	7,096	10,296
Cost of sales and services		(5,831)	(8,669)
Gross profit		1,265	1,627
Other income	5	705	2,242
Selling and distribution expenses		(78)	(20)
Administrative expenses		(14,621)	(13,318)
Finance costs	6	(1,058)	(26)
Loss before tax	7	(13,787)	(9,495)
Income tax expense	8	—	—
Loss for the period		(13,787)	(9,495)
Loss for the period attributable to owner of the Company:		(13,787)	(9,495)
		2024	2023
		HK cents	HK cents
LOSS PER SHARE	10		
Basic		(1.58)	(1.09)
Diluted		N/A	N/A

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	For the six months ended	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
	Notes	
LOSS FOR THE PERIOD	(13,787)	(9,495)
OTHER COMPREHENSIVE (EXPENSE)/ INCOME		
Other comprehensive (expense)/income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(15)</u>	<u>276</u>
OTHER COMPREHENSIVE (EXPENSE)/ INCOME FOR THE PERIOD, NET OF TAX	<u>(15)</u>	<u>276</u>
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD, NET OF TAX	<u>(13,802)</u>	<u>(9,219)</u>
Total comprehensive expense for the period attributable to:		
Owners of the Company	<u>(13,802)</u>	<u>(9,219)</u>

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 September 2024 (Unaudited) HK\$'000	31 March 2024 (Audited) HK\$'000
<i>Notes</i>		
NON-CURRENT ASSETS		
Property, plant and equipment	4,722	4,987
Investment properties	32,121	32,121
Investment in an associate	17,000	17,000
Investment in a joint venture	—	—
	53,843	54,108
CURRENT ASSETS		
Inventories	283	209
Films copyright investments	25,400	4,162
Trade receivables	6,206	4,082
Prepayments, deposits and other receivables	12,700	13,105
Cash and cash equivalents	4,021	7,054
	48,610	28,612
Assets classified as held for sale	—	9,100
	48,610	37,712

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 September 2024 (Unaudited) <i>HK\$'000</i>	31 March 2024 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
CURRENT LIABILITIES			
Trade payables	13	3,503	7,680
Other payables, accruals and deposits received		34,037	34,278
Interest-bearing borrowings		42,910	13,147
Contract liabilities		1,442	1,442
Income tax payable		15,327	15,327
		<u>97,219</u>	<u>71,874</u>
Liabilities associated with assets classified as held for sale		–	910
		<u>97,219</u>	<u>72,784</u>
NET CURRENT LIABILITIES		(48,609)	(35,072)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,234</u>	<u>19,036</u>
NON-CURRENT LIABILITY			
Deferred tax liabilities		1,133	1,133
NET ASSETS		<u>4,101</u>	<u>17,903</u>
EQUITY			
Share capital	14	8,728	8,728
Reserves		(4,627)	9,175
TOTAL EQUITY		<u>4,101</u>	<u>17,903</u>

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent								
	Issued capital <i>HK\$ '000</i>	Share premium account <i>HK\$ '000</i>	Capital reserve <i>HK\$ '000</i>	Asset revaluation reserve [#] <i>HK\$ '000</i>	Share option reserve <i>HK\$ '000</i>	Goodwill eliminated against reserve <i>HK\$ '000</i>	Exchange fluctuation reserve <i>HK\$ '000</i>	Accumulated losses <i>HK\$ '000</i>	Total equity <i>HK\$ '000</i>
At 1 April 2024	8,728	247,085	107,433	18,522	31,333	(152)	(1,378)	(393,668)	17,903
Loss for the period	-	-	-	-	-	-	-	(13,787)	(13,787)
Other comprehensive loss for the period:									
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(15)	-	(15)
Total comprehensive loss for the period	-	-	-	-	-	-	(15)	(13,787)	(13,802)
At 30 September 2024 (unaudited)	<u>8,728</u>	<u>247,085</u>	<u>107,433</u>	<u>18,522</u>	<u>31,333</u>	<u>(152)</u>	<u>(1,393)</u>	<u>(407,455)</u>	<u>4,101</u>
At 1 April 2023	8,728	247,085	107,433	18,522	31,333	(152)	7,762	(334,309)	86,402
Loss for the period	-	-	-	-	-	-	-	(9,495)	(9,495)
Other comprehensive loss for the period:									
Exchange differences on translation of foreign operations	-	-	-	-	-	-	276	-	276
Total comprehensive loss for the period	-	-	-	-	-	-	276	(9,495)	(9,219)
At 30 September 2023 (unaudited)	<u>8,728</u>	<u>247,085</u>	<u>107,433</u>	<u>18,522</u>	<u>31,333</u>	<u>(152)</u>	<u>8,038</u>	<u>(343,804)</u>	<u>77,183</u>

The asset revaluation reserve arose from a change in use from owner-occupied properties to investment properties carried at fair value.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
NET CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES	(11,572)	537
CASH FLOWS USED IN INVESTING ACTIVITIES		
Interest received	15	2
Increase in films copyright investments	(21,238)	(10,300)
Net cash flows used in investing activities	(21,223)	(10,298)
CASH FLOWS FROM FINANCING ACTIVITY		
New interest-bearing borrowings	29,763	9,696
Net cash flows used in financing activity	29,763	9,696
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,032)	(65)
Cash and cash equivalents at beginning of period	7,054	7,403
Effect of foreign exchange rate changes, net	(1)	(146)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	4,021	7,192
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	4,021	7,192

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 2024 were authorised for issue in accordance with a resolution of the directors on 29 November 2024.

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.

2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 September 2024 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\$13,787,000 for the six months ended 30 September 2024, and the current liabilities of the Group at 30 September 2024 exceed the Group's current assets at that date by approximately HK\$48,609,000, 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 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.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION *(Continued)*

Going concern basis *(Continued)*

- (b) 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.

NOTES TO 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 2024.

In the Period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on 1 April 2024 for the preparation of the Group's unaudited interim condensed consolidated financial statements:

Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease liabilities in Sale and leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or non-Current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants

The application of the above 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 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.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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:

- (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.

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.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (Continued)

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 2024 (unaudited)

	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	Total HK\$'000
Segment revenue						
Revenue from external customers	<u>4,833</u>	<u>240</u>	<u>-</u>	<u>2,023</u>	<u>-</u>	<u>7,096</u>
Segment loss	<u>(5,568)</u>	<u>(23)</u>	<u>(440)</u>	<u>(4,567)</u>	<u>-</u>	<u>(10,598)</u>
Bank interest income						15
Corporate and other unallocated expenses						(2,146)
Finance costs						<u>(1,058)</u>
Loss before tax						<u>(13,787)</u>

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (Continued)

For the six months ended 30 September 2023 (unaudited)

	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	Total HK\$'000
Segment revenue						
Revenue from external customers	<u>7,859</u>	<u>700</u>	<u>–</u>	<u>1,737</u>	<u>–</u>	<u>10,296</u>
Segment (loss)/profit	<u>(7,411)</u>	<u>118</u>	<u>633</u>	<u>(458)</u>	<u>–</u>	<u>(7,118)</u>
Bank interest income						2
Corporate and other unallocated expenses						(2,353)
Finance costs						<u>(26)</u>
Loss before tax						<u>(9,495)</u>

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.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT INFORMATION *(Continued)*

Geographical information

(a) Revenue from external customers

	For the six months ended	
	30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Europe	722	3,010
America	2,945	3,708
The People's Republic of China ("PRC") (including Hong Kong)	2,572	2,846
Others	857	732
Total revenue	<u>7,096</u>	<u>10,296</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.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue:		
Sale of goods – at point in time	4,833	7,859
Film distribution agency and commission income – over time	2,023	1,737
Revenue from contracts with customers	6,856	9,596
Rental income from lease of investment properties	240	700
Total revenue recognised	7,096	10,296
Other income:		
Accounting service fee	690	990
Bank interest income	15	2
Gain on change in fair value of financial assets at fair value through profit or loss – investments in securities	–	829
Others	–	421
	705	2,242

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCE COSTS

	For the six months ended 30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on borrowings	<u>1,058</u>	<u>26</u>

7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	For the six months ended 30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of inventories sold (note a)	4,581	7,599
Depreciation of property, plant and equipment	265	240
Employee benefit expense (including directors' remuneration):		
Wages, salaries and other benefits	6,075	6,748
Pension scheme contributions (note b)	<u>206</u>	<u>200</u>
Total employee benefit expense	<u>6,281</u>	<u>6,948</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 (2023: Nil).

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 (2023: 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. INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 September 2024 (2023: Nil).

10. LOSS PER SHARE

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

	For the six months ended 30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss for the purpose of basic loss per share		
Loss for the period attributable to owners of the Company	<u>(13,787)</u>	<u>(9,495)</u>
	2024	2023
	(Unaudited)	(Unaudited)
	'000	'000
Number of shares for the purpose of basic loss per share		
Weighted average number of ordinary shares in issue	<u>872,864</u>	<u>872,864</u>

The computation of diluted 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 2024 and 30 September 2023.

No diluted loss per share is presented as the Group had no other potentially dilutive ordinary shares in issue during the six months ended 30 September 2024 and 30 September 2023.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. INVESTMENT IN AN ASSOCIATE

	30 September 2024 (Unaudited) HK\$'000	31 March 2024 (Audited) HK\$'000
Unlisted associate		
Cost of investment	110,000	110,000
Share of post-acquisition profit and other comprehensive income	20,617	20,617
Impairment loss recognised	(113,617)	(113,617)
	17,000	17,000

The unlisted investment represents the Group's 25% (31 March 2024: 25%) equity interest in Filmko Culture Limited ("Filmko Culture").

Particulars of the associates of the Group (comprising Filmko Culture and its subsidiaries) are as follows:

Name	Place of incorporation	Principal place of business	Issued ordinary registered paid-in capital	Proportion equity interest attributable to the Group	Principal activities
Filmko Culture	British Virgin Islands ("BVI")	PRC	Ordinary US\$10,000	25%	Films distribution and production in Hong Kong and Mainland China
Filmko Entertainment Limited*	Hong Kong	Hong Kong	Ordinary HK\$10,000	25%	Films distribution and production and artiste product
Nanjing Xinhao Film Culture Development Co., Limited*	PRC	PRC	Registered RMB23,000,000	25%	Investment holding
Jiangsu Anshi Yingna Film Distribution Co. Limited*	PRC	PRC	Registered RMB10,000,000	25%	Film distribution and agency service
Khorgas Anshi Yingna Film Distribution Co. Limited*	PRC	PRC	Registered RMB10,000,000	25%	Film distribution and agency service

* These entities are wholly-owned by Filmko Culture.

The above associates have been accounted for using equity method in these interim condensed consolidated financial statements.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. TRADE RECEIVABLES

	30 September 2024 (Unaudited) HK\$'000	31 March 2024 (Audited) HK\$'000
Trade receivables	7,878	5,754
Impairment	(1,672)	(1,672)
	<u>6,206</u>	<u>4,082</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 2024: 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 2024 and 31 March 2024, based on the invoice date and net of provisions, is as follows:

	30 September 2024 (Unaudited) HK\$'000	31 March 2024 (Audited) HK\$'000
Within 90 days	4,784	3,128
91 – 180 days	2	86
181 – 360 days	1,420	868
	<u>6,206</u>	<u>4,082</u>

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. TRADE PAYABLES

The following is an aged analysis of the trade payables as at 30 September 2024 and 31 March 2024 based on the payment due date:

	30 September 2024 (Unaudited) HK\$'000	31 March 2024 (Audited) HK\$'000
Within 90 days	1,933	3,096
91 – 180 days	1,567	2,932
181 – 360 days	–	1,522
Over 360 days	3	130
	<u>3,503</u>	<u>7,680</u>

14. SHARE CAPITAL

	30 September 2024 (Unaudited) HK\$'000	31 March 2024 (Audited) HK\$'000
Authorised:		
10,000,000,000 (31 March 2024: 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 2024: 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 2024.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties under operating lease arrangements, with the leases negotiated for terms ranging from two to three years. The terms of the leases also require the tenant to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 30 September 2024, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 September 2024 (Unaudited) HK\$'000	31 March 2024 (Audited) HK\$'000
Within one year	1,054	1,054
In the second to fifth years, inclusive	291	531
	<u>1,345</u>	<u>1,585</u>

16. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

	For the six months ended 30 September 2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Accountancy fee received from related companies	690	990
Rental expenses paid to related parties#	450	780

The Group leased properties from Mr. Hui, a director of certain subsidiaries of the Company, and Million Wave Limited, which is beneficially owned by Mr. Hui.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. RELATED PARTY TRANSACTIONS (Continued)

(b) Outstanding balances with related parties

	30 September 2024 (Unaudited) HK\$'000	31 March 2024 (Audited) HK\$'000
Loan to a joint venture	2,637	2,637
Provision for impairment	2,637	2,637
	—	—
Due to related parties*	9,491	9,491

* Included in other payables, accruals and deposits received as at 30 September 2024 are an amount due to the spouse of Mr. Hui of approximately HK\$5,431,000 (31 March 2024: HK\$5,431,000) and amounts due to Mr. Zheng Jian Xiong and Mr. Yu Wing Lung, directors of certain subsidiaries of the Company, of approximately HK\$2,288,000 and HK\$1,772,000 (31 March 2024: HK\$2,288,000 and HK\$1,772,000), respectively. Such amounts are unsecured, non-interest bearing and repayable on demand.

(c) Compensation of key management personnel of the Group

	For the six months ended 30 September	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Short-term employee benefits	180	180
Post-employment benefits	9	9
Total compensation paid and payable to key management personnel	189	189

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, trade receivables, financial assets included in prepayments, deposits and other receivables, trade payables, amounts due from/to related parties, interest-bearing borrowings and current portion of financial liabilities included in other payables, accruals and deposits received approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance team is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance team reports directly to the financial controller. At each reporting date, the finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The Group's own non-performance risk for interest-bearing borrowings as at 30 September 2024 and 31 March 2024 was assessed to be insignificant.

Financial assets measured at fair value

The fair values of listed equity investments at fair value through profit or loss are based on quoted market prices.

The fair value of convertible bonds has been calculated by discounting the cash flow to capture the present value of the expected future economic benefits to be derived from the convertible bonds, based on an appropriate discount rate.

Fair value hierarchy

There were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (31 March 2024: Nil).



SUPPLEMENTARY INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES **Long positions in shares and underlying shares**

As of the 30 September 2024, so far as is known to any Director or chief executives of the Company, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were (i) required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO; or (ii) required to be recorded in the register kept by the Company pursuant to section 352 of the SFO; or (iii) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES" and "SHARE OPTION SCHEME" in this report, at no time during the six months ended 30 September 2024 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors to acquire such rights in any other body corporate.



SUPPLEMENTARY INFORMATION

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

As at 30 September 2024, none of the Directors nor their respective close associates was interested in any business which was considered to compete or was likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTEREST IN SHARES AND UNDERLYING SHARES

As at 30 September 2024, so far as the Directors are aware of, the interest or short positions of the persons or corporations, other than Directors or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, were as follows:

Long positions

Name of Shareholders	Number of issued Ordinary Shares held	Capacity and nature of interest	% of issued share capital of the Company
Zhu Guohua	260,898,000	Beneficial Owner	29.89%
Wang Yichuan	104,297,719	Beneficial Owner	11.95%
Mr. Wong Hoi Fung	49,020,000	Beneficial Owner	5.62%



SUPPLEMENTARY INFORMATION

SHARE OPTION SCHEME

The Company has adopted a share option scheme (“Share Option Scheme”) on 16 March 2020 to provide incentive or rewards to participants including the Directors and eligible employees of the Group. At the annual general meeting of the Company held on 25 August 2021, the Company was authorised to refresh the scheme mandate limit to issue a maximum of 87,286,368 share options under the Share Option Scheme. More information can be referred in the Company’s circular dated 26 July 2021.

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 2024.

CHANGES IN DIRECTORS’ INFORMATION

There is no change in the information of the Directors of the Company since the publication of the annual report of the Company for the year ended 31 March 2024, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CORPORATE GOVERNANCE

During the six months ended 30 September 2024, the Company has adopted and complied with the applicable code provisions as set out in the Corporate Governance Code (the “Code”) contained in Part 2 of Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), except for the following deviations:

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 C3 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.



SUPPLEMENTARY INFORMATION

REVIEW OF UNAUDITED INTERIM RESULTS

The unaudited interim condensed consolidated financial information for the six months ended 30 September 2024 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.

By order of the Board
Elegance Optical International Holdings Limited
Zhu Guohua
Chairlady and Executive Director

Hong Kong, 29 November 2024