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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)

FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2023

The board of directors (the “**Board**” or “**Directors**”) of Elegance Optical International Holdings Limited (the “**Company**”) would like to announce the audited consolidated financial results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 March 2023 together with the comparative figures for 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2023

	Notes	2023 HK\$'000	2022 HK\$'000 (Restated)
Continuing operations			
Revenue	5	21,704	15,275
Cost of sales and services		<u>(15,335)</u>	<u>(10,875)</u>
Gross profit		6,369	4,400
Other income and gains	5	2,988	4,575
Selling and distribution expenses		(255)	–
Administrative expenses		(15,586)	(18,319)
Equity-settled share-based payments		–	(53,312)
Other operating expenses	6	(29,129)	(105,919)
Finance costs	7	(452)	(1,115)
Share of profit/(loss) of a joint venture		236	–
Share of loss of an associate		<u>(997)</u>	<u>(6,643)</u>
Loss before tax	8	(36,826)	(176,333)
Income tax expense	9	<u>–</u>	<u>(44)</u>
Loss for the year from continuing operations		(36,826)	(176,377)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)**For the year ended 31 March 2023*

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
Discontinued operations			
Loss for the year from discontinued operations	<i>10</i>	<u>(8,842)</u>	<u>(5,833)</u>
Loss for the year		<u>(45,668)</u>	<u>(182,210)</u>
Loss for the year attributable to owners of the Company:			
– from continuing operations		(36,826)	(176,377)
– from discontinued operations		<u>(40,563)</u>	<u>(699)</u>
Loss for the year attributable to owners of the Company		<u>(77,389)</u>	<u>(177,076)</u>
Profit/(loss) for the year attributable to non-controlling interests:			
– from continuing operations		–	–
– from discontinued operations		<u>31,721</u>	<u>(5,134)</u>
Profit/(loss) for the year attributable to non-controlling interests		<u>31,721</u>	<u>(5,134)</u>
Loss for the year		<u>(45,668)</u>	<u>(182,210)</u>
		2023 <i>HK cents</i>	2022 <i>HK cents</i> (Restated)
LOSS PER SHARE			
From continuing and discontinued operations			
Basic	<i>12</i>	(8.87)	(20.29)
Diluted		<u>N/A</u>	<u>N/A</u>
From continuing operations			
Basic		(4.22)	(20.21)
Diluted		<u>N/A</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2023

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss for the year	(45,668)	(182,210)
Other comprehensive (expense)/income		
Items that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	1,111	2,390
Reclassification adjustment relating to foreign operations disposed of	(347)	–
Share of exchange differences on translation of a joint venture	69	46
Share of exchange differences on translation of an associate	(1,355)	765
Other comprehensive (expense)/income for the year	(522)	3,201
Total comprehensive expense for the year	(46,190)	(179,009)
Total comprehensive (expense)/income for the year attributable to:		
Owners of the Company	(76,802)	(173,554)
Non-controlling interests	30,612	(5,455)
	(46,190)	(179,009)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Notes	2023 HK\$'000	2022 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		5,052	32,986
Right-of-use assets		–	19,302
Investment properties		50,848	59,330
Investment in an associate		29,000	41,000
Prepayments, deposits and other receivables		5,913	–
		<u>90,813</u>	<u>152,618</u>
CURRENT ASSETS			
Inventories		62	5,483
Trade receivables	13	6,416	10,203
Prepayments, deposits and other receivables		26,323	56,189
Financial assets at fair value through profit or loss		17,333	19,748
Cash and cash equivalents		7,403	18,770
		<u>57,537</u>	<u>110,393</u>
CURRENT LIABILITIES			
Trade payables	14	6,341	7,662
Other payables, accruals and deposits received		36,712	53,774
Interest-bearing borrowings		–	14,609
Contract liabilities		1,912	2,600
Lease liabilities		–	676
Income tax payable		15,327	15,327
		<u>60,292</u>	<u>94,648</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(2,755)</u>	<u>15,745</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>88,058</u>	<u>168,363</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)**As at 31 March 2023*

	<i>Notes</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
NON-CURRENT LIABILITIES			
Deposits received		483	519
Lease liabilities		–	18,977
Deferred tax liabilities		1,173	2,072
		<hr/> 1,656	<hr/> 21,568
Net assets		<hr/> 86,402	<hr/> 146,795
EQUITY			
Share capital	<i>15</i>	8,728	8,728
Reserves		77,674	154,476
		<hr/> 86,402	<hr/> 163,204
Equity attributable to owners of the Company		86,402	163,204
Non-controlling interests		–	(16,409)
		<hr/> 86,402	<hr/> 146,795
Total equity		<hr/> 86,402	<hr/> 146,795

NOTES

1. GENERAL INFORMATION

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.

The Company acts as an investment holding company. The Company's subsidiaries are principally engaged in the manufacture and trading of optical frames and sunglasses, property investment, investment in debts and securities, film investment and distribution business and energy business.

The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), except otherwise indicated.

Restatement of comparative information regarding discontinued operations

During the year, as detailed in note 10, 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 consolidated statement of profit or loss and other comprehensive income, together with notes thereon, for the year ended 31 March 2022 has been restated, where appropriate, in order to conform with the current year'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 2022 presented in the Group's consolidated statement of financial position, it is not necessary to disclose any comparative information in that respect.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the disclosure requirements of Hong Kong Companies Ordinance.

Going concern basis

Notwithstanding that the Group incurred net losses amounted to approximately HK\$45,668,000 and HK\$182,210,000 for the years ended 31 March 2023 and 31 March 2022 respectively; and the current liabilities of the Group at 31 March 2023 exceed the Group's current assets at that date by approximately HK\$2,755,000, the directors of the Company consider it appropriate for the preparation of the 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 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 consolidated financial statements.

3. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group's annual period beginning on 1 April 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial position and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Standards that have been issued but are not yet effective:

HKFRS 17 (including the June 2020 and December 2021 Amendments to HKFRS 17)	Insurance Contracts ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ³
Amendments to HKAS 1	Non-current Liabilities with Covenants ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or after 1 January 2024.

The directors of the Company anticipate that the application of all the new and amendments to HKFRSs not yet effective will have no material impact on the consolidated financial statements in the foreseeable future.

4. SEGMENT INFORMATION

For management purposes, the Group is organised into the following operating segments based on their products and services:

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 investment and distribution segment engaged in film right and movie investments and distributions; and
- (e) the energy business segment engaged in investments in energy sector related instrument and sale and trading of liquefied petroleum gas products.

* The trading segment was organised following the cessation of the manufacturing and trading segment included in the discontinued operations (see below).

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 current year.

- (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 10. Previously reported figures in respect of certain segment assets and segment liabilities as at 31 March 2022 and certain segment revenue and segment results for the year ended 31 March 2022 have been restated to conform with the presentation of segmental information adopted in respect of the current year.

The 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 bank and other interest income, finance costs and unallocated income and gains as well as corporate and other unallocated expenses are excluded from such measurement.

Segment assets exclude other unallocated head office and corporate assets, including cash and cash equivalents, investments in and balances with a joint venture and certain property, plant and equipment, as these assets are managed on a group basis.

Segment liabilities exclude other unallocated head office and corporate liabilities, including income tax payable, deferred tax liabilities and other payables, accruals and deposits received, as these liabilities are managed on a group basis.

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

In respect of the year ended 31 March 2023

	Continuing operations					Discontinued operations				Total HK\$'000
	Trading HK\$'000	Property investment HK\$'000	Debts and securities investment HK\$'000	Film investment and distribution HK\$'000	Energy business HK\$'000	Subtotal HK\$'000	Property investment HK\$'000	Manufacturing and trading HK\$'000	Subtotal HK\$'000	
Segment revenue	7,773	1,333	-	12,598	-	21,704	343	16,404	16,747	38,451
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-
Revenue from external customers	<u>7,773</u>	<u>1,333</u>	<u>-</u>	<u>12,598</u>	<u>-</u>	<u>21,704</u>	<u>343</u>	<u>16,404</u>	<u>16,747</u>	<u>38,451</u>
Segment profit/(loss)	2,605	(6,990)	(3,623)	(8,447)**	(4,898)*	(21,353)	1,982	(17,804)	(15,822)	(37,175)
Bank interest income	-	-	-	-	-	-	-	-	96	96
Gain on disposal of subsidiaries	-	-	-	-	-	-	-	-	7,406	7,406
Bad debt recovery	-	-	-	-	-	350	-	-	-	350
Corporate and other unallocated expenses	-	-	-	-	-	(14,610)	-	-	-	(14,610)
Finance costs	-	-	-	-	-	(452)	-	-	(522)	(974)
Share of loss of an associate	-	-	-	(997)	-	(997)	-	-	-	(997)
Share of profit of a joint venture	236	-	-	-	-	236	-	-	-	236
Loss before tax	-	-	-	-	-	<u>(36,826)</u>	-	-	<u>(8,842)</u>	<u>(45,668)</u>
Segment assets	<u>25,893</u>	<u>39,636</u>	<u>222</u>	<u>37,576</u>	<u>21,085</u>	<u>124,412</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>124,412</u>
Corporate and other unallocated assets	-	-	-	-	-	-	-	-	-	23,938
Total assets	-	-	-	-	-	-	-	-	-	<u>148,350</u>
Segment liabilities	<u>12,007</u>	<u>366</u>	<u>3,964</u>	<u>14,277</u>	<u>12,154</u>	<u>42,768</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,768</u>
Corporate and other unallocated liabilities	-	-	-	-	-	-	-	-	-	19,180
Total liabilities	-	-	-	-	-	-	-	-	-	<u>61,948</u>
Other segment information:										
Share of loss of an associate	-	-	-	(997)	-	(997)	-	-	-	(997)
Share of loss of a joint venture	236	-	-	-	-	236	-	-	-	236
Depreciation	346	24	-	388	-	758	-	1,716	1,716	2,474
Impairment loss on investment in an associate	-	-	-	(9,648)	-	(9,648)	-	-	-	(9,648)
(Reversal of)/impairment loss of inventories	(63)	-	-	-	-	(63)	-	76	76	13
Impairment of trade receivables reversed/(recognised)	267	-	-	269	-	536	-	-	-	536
Impairment loss on investment in and loan to a joint venture recognised	351	-	-	-	-	351	-	-	-	351
Additions to items of property, plant and equipment	484	-	-	-	-	484	-	-	-	484

* Included impairment loss on prepayments, deposits and other receivables of approximately HK\$5,764,000 as the corresponding assets were previously included in segment assets of energy business.

** Included impairment loss on investment in an associate of approximately HK\$9,648,000 as the corresponding assets are included in segment assets of film investment and distribution.

In respect of the year ended 31 March 2022

	Continuing operations				Discontinued operations				Total HK\$'000
	Property investment HK\$'000	Debts and securities investment HK\$'000	Film investment and distribution HK\$'000	Energy business HK\$'000	Subtotal HK\$'000	Property investment HK\$'000	Manufacturing and trading HK\$'000	Subtotal HK\$'000	
Segment revenue	1,297	-	13,978	-	15,275	624	40,921	41,545	56,820
Inter-segment revenue	-	-	-	-	-	(20)	-	(20)	(20)
Revenue from external customers	<u>1,297</u>	<u>-</u>	<u>13,978</u>	<u>-</u>	<u>15,275</u>	<u>604</u>	<u>40,921</u>	<u>41,525</u>	<u>56,800</u>
Segment profit/(loss)	(4,104)**	(2,297)	(91,147)***	(15,696)	(113,244)	(10,816)**	5,730*	(5,086)	(118,330)
Bank interest income					1			10	11
Bad debt recovery					3,100			-	3,100
Corporate and other unallocated expenses					(5,120)			-	(5,120)
Equity-settled share-based payment					(53,312)			-	(53,312)
Finance costs					(1,115)			(607)	(1,722)
Share of loss of an associate	-	-	(6,643)	-	(6,643)	-	-	-	(6,643)
Share of loss of a joint venture	-	-	-	-	-	-	(150)	(150)	(150)
Loss before tax					<u>(176,333)</u>			<u>(5,833)</u>	<u>(182,166)</u>
Segment assets	31,669	3,484	68,771	26,522	130,446	7,824	77,542	85,366	215,812
Corporate and other unallocated assets									47,199
Total assets									<u>263,011</u>
Segment liabilities	314	3,370	34,745	12,706	51,135	388	44,077	44,465	95,600
Corporate and other unallocated liabilities									20,616
Total liabilities									<u>116,216</u>
Other segment information:									
Share of loss of an associate	-	-	(6,643)	-	(6,643)	-	-	-	(6,643)
Share of loss of a joint venture	-	-	-	-	-	-	(150)	(150)	(150)
Depreciation									
Segment expenses	41	-	1,119	-	1,160	-	3,453	3,453	4,613
Unallocated									4
Total									<u>4,617</u>
Impairment loss on investment in an associate	-	-	(46,122)	-	(46,122)	-	-	-	(46,122)
Impairment loss of inventories	-	-	-	-	-	-	(15)	(15)	(15)
Impairment of trade receivables reversed/(recognised)	-	-	(209)	-	(209)	-	529	529	320
Impairment loss on investment in and loan to a joint venture	-	-	-	-	-	-	638	638	638

* Included gain on disposal of items of property, plant and equipment of approximately HK\$14,948,000 as the corresponding assets were previously included in segment assets of manufacturing and trading.

** Included loss on change in fair value of investment properties of approximately HK\$4,312,000 as the corresponding assets are included in segment assets of property investment.

*** Included loss in change in fair value of financial assets at fair value through profit or loss – investments in film production and impairment loss on investment in an associate of approximately HK\$42,764,000 and approximately HK\$46,122,000 respectively as the corresponding assets are included in segment assets of film investment and distribution.

Geographical information

(a) Revenue from external customers

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
Continuing operations		
Europe	4,237	–
America	2,691	–
The People's Republic of China ("PRC") (including Hong Kong)	14,341	15,275
Others	435	–
	<u>21,704</u>	<u>15,275</u>
Discontinued operations		
Europe	6,946	8,972
America	8,707	31,297
The PRC (including Hong Kong)	808	383
Others	286	873
	<u>16,747</u>	<u>41,525</u>
Total revenue	<u><u>38,451</u></u>	<u><u>56,800</u></u>

The revenue shown above is based on the locations of the customers. The PRC (including Hong Kong) segment mainly represents rental income from lease of the Group's properties located in the PRC (including Hong Kong), the sales of eyewear products to agents located in Hong Kong including sales made to local retailers and fair value gains on equity investments listed in Hong Kong. The directors are of the opinion that the agents in Hong Kong export the Group's products mainly to ultimate customers located in 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.

Information about major customers

Revenue from individual customers in respect of the continuing operations of the corresponding years contributing over 10% of total revenue of the Group of the corresponding years is as follows:

		2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
	Revenue generated from		
Customer A	Film investment and distribution	4,000	N/A
Customer B	Film investment and distribution	3,000	6,000
Customer C	Film investment and distribution	2,600	2,200
Customer D	Film investment and distribution	2,300	N/A
		<u><u> </u></u>	<u><u> </u></u>

Each of the revenue of Customer A and Customer D did not contribute over 10% of the total revenue of the Group for the prior year ended 31 March 2022.

Revenue from individual customers in respect of the discontinued operations of the corresponding years contributing 10% of total revenue of the Group of the corresponding years is as follows:

		2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
	Revenue generated from		
Customer I	Manufacturing and trading	5,600	21,100
Customer II	Manufacturing and trading	3,200	1,600
Customer III	Manufacturing and trading	3,000	5,900
Customer IV	Manufacturing and trading	1,600	5,900
		<u><u> </u></u>	<u><u> </u></u>

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 agency and commission income from film distribution.

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

	Continuing operations		Discontinued operations	
	2023 HK\$'000	2022 HK\$'000 (Restated)	2023 HK\$'000	2022 HK\$'000 (Restated)
Revenue:				
Sale of goods – at point in time	7,773	–	16,404	40,921
Film distribution agency and commission income – over time	12,598	13,978	–	–
	<u>20,371</u>	<u>13,978</u>	<u>16,404</u>	<u>40,921</u>
Revenue from contracts with customers	20,371	13,978	16,404	40,921
Rental income from lease of investment properties	1,333	1,297	343	604
	<u>21,704</u>	<u>15,275</u>	<u>16,747</u>	<u>41,525</u>
Total revenue recognised	21,704	15,275	16,747	41,525
Other income and gains:				
Accounting service fee	900	240	875	1,420
Bank interest income	–	1	96	10
Bad debt recovery	350	3,100	–	–
Gain on change in fair value of financial assets at fair value through profit or loss – investments in convertible bond	846	780	–	–
Gain on disposal of items of property, plant and equipment	39	–	–	14,948
Gain on disposal of investment in a joint venture	–	–	–	116
Impairment loss on investment in and loan to a joint venture reversed	–	–	–	638
Net foreign exchange gains	–	85	–	2,600
Rental income from lease of machineries	–	–	1,622	2,280
Government grants	260	35	23	100
Impairment loss on trade receivables reversed	536	274	–	46
Sales of scrap materials	–	–	723	143
Others	57	60	273	14
	<u>2,988</u>	<u>4,575</u>	<u>3,612</u>	<u>22,315</u>

6. OTHER OPERATING EXPENSES

	Continuing operations		Discontinued operations	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i> (Restated)	<i>HK\$'000</i>	<i>HK\$'000</i> (Restated)
Impairment loss on prepayments, deposits and other receivables	16,142	15,135	-	-
Impairment loss on investment in an associate	9,648	46,122	-	-
Impairment loss on investment in and loan to a joint venture	351	-	-	-
Impairment loss on property, plant and equipment	-	-	-	4,970
Impairment loss on right-of-use assets	-	-	-	2,641
Loss on change in fair value of investment properties	683	1,071	-	3,241
Loss on change in fair value of financial assets at fair value through profit or loss				
– investments in film production	-	42,764	-	-
– equity investments at fair value through profit or loss	2,268	827	-	-
Others	37	-	-	-
	<u>29,129</u>	<u>105,919</u>	<u>-</u>	<u>10,852</u>

7. FINANCE COSTS

	Continuing operations		Discontinued operations	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i> (Restated)	<i>HK\$'000</i>	<i>HK\$'000</i> (Restated)
Interest on borrowings	452	1,064	-	-
Interest on lease liabilities	-	51	522	607
	<u>452</u>	<u>1,115</u>	<u>522</u>	<u>607</u>

8. LOSS BEFORE TAX

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

	Continuing operations		Discontinued operations	
	2023 HK\$'000	2022 HK\$'000 (Restated)	2023 HK\$'000	2022 HK\$'000 (Restated)
Cost of inventories sold (<i>note a</i>)	5,493	–	16,627	39,804
Depreciation of property, plant and equipment	758	88	501	2,740
Depreciation of right-of-use assets	–	–	1,215	1,789
Auditor's remuneration				
– audit service	993	754	200	401
Short-term leases expenses	1,084	300	1,459	2,081
Employee benefit expense (including directors' remuneration):				
Wages, salaries and other benefits	8,136	10,158	6,872	20,373
Pension scheme contributions (<i>note b</i>)	243	263	435	528
Equity-settled share-based payments	–	53,312	–	–
Total employee benefit expense	8,379	63,733	7,307	20,901
Impairment loss/(reversal of impairments loss) of inventories	63	15	(76)	–

Notes:

- (a) Included in “cost of sales and services” on the face of the 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 years (2022: Nil).

9. INCOME TAX EXPENSE

	Continuing operations		Discontinued operations	
	2023 HK\$'000	2022 HK\$'000 (Restated)	2023 HK\$'000	2022 HK\$'000 (Restated)
Current tax				
Hong Kong profits tax	–	–	–	–
Elsewhere	–	–	–	–
Deferred tax charge	–	(44)	–	–
Income tax expense	–	(44)	–	–

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 year. No provision for income tax elsewhere has been made as the Group has no profits assessable in other jurisdictions in which the Group operates.

10. DISCONTINUED OPERATIONS

On 28 September 2022, the Group entered into a sale agreement with, Mr. Hui Leung Wah, a director of a subsidiary 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 consolidated statement of profit or loss and other comprehensive income have been restated to conform with the current year's presentation.

The loss from discontinued operations is analysed as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss of discontinued operations for the year	(16,248)	(5,833)
Gain of disposal of Gold Strong	7,406	–
	<u>(8,842)</u>	<u>(5,833)</u>

The results of the discontinued operations for the period from 1 April 2022 to 24 October 2022 are analysed as follows:

	<i>Notes</i>	Period from 1 April 2022 to 24 October 2022 <i>HK\$'000</i>	Year ended 31 March 2022 <i>HK\$'000</i>
Revenue	5	16,747	41,525
Cost of sales		<u>(18,118)</u>	<u>(39,629)</u>
Gross profit		(1,371)	1,896
Other income and gains	5	3,612	22,315
Selling and distribution expenses		(290)	(727)
Administrative expenses		(17,677)	(17,708)
Other operating expenses	6	–	(10,852)
Finance costs	7	(522)	(607)
Share of loss of a joint venture		–	(150)
		<u>(16,248)</u>	<u>(5,833)</u>
Loss before tax	8	(16,248)	(5,833)
Income tax expense	9	–	–
		<u>(16,248)</u>	<u>(5,833)</u>

11. DIVIDEND

The Board does not recommend payment of any dividend for the year ended 31 March 2023 (2022: Nil).

12. LOSS PER SHARE

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

	Continuing and discontinued operations		Continuing operations	
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss for the purpose of basic loss per share				
Loss for the year attributable to owners of the Company	<u>(77,389)</u>	<u>(177,076)</u>	<u>(36,826)</u>	<u>(176,377)</u>
	2023 <i>'000</i>	2022 <i>'000</i>	2023 <i>'000</i>	2022 <i>'000</i>
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>	<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 year ended 31 March 2023 and 31 March 2022.

No diluted loss per share is presented as the Group had no other potential ordinary shares in issue during the years ended 31 March 2023 and 2022 or as at those dates.

13. TRADE RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables, gross amount	7,923	12,246
Less: impairment loss recognised	<u>(1,507)</u>	<u>(2,043)</u>
	<u>6,416</u>	<u>10,203</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 (2022: 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 the trade receivables as at the end of each reporting period, based on the invoice date and net of impairment loss recognised, is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 90 days	5,554	4,619
91 to 180 days	–	3
181 to 360 days	<u>862</u>	<u>5,581</u>
	<u>6,416</u>	<u>10,203</u>

Movements in the impairment loss recognised on trade receivables are as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
At beginning of the year	2,043	2,363
Reversal of impairment losses recognised (<i>note 5</i>)	<u>(536)</u>	<u>(320)</u>
At end of the year	<u>1,507</u>	<u>2,043</u>

An aged analysis of the trade receivables that are not considered to be impaired is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Neither past due nor impaired	3,940	3,487
Less than one month past due	454	1,095
One to three months past due	1,160	37
More than three months past due	<u>862</u>	<u>5,584</u>
	<u>6,416</u>	<u>10,203</u>

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

14. TRADE PAYABLES

An aged analysis of the trade payables as at the end of each reporting period, based on the payment due date, is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 90 days	6,325	7,223
91 to 180 days	3	27
181 to 360 days	–	1
Over 360 days	13	411
	<u>6,341</u>	<u>7,662</u>

Trade payables are non-interest-bearing and are normally settled on 90-day (2022: 90-day) terms.

15. SHARE CAPITAL

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Authorised: 10,000,000,000 shares of HK\$0.01 each (2022: 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 shares of HK\$0.01 each (2022: 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 years ended 31 March 2023 and 31 March 2022.

EXTRACT OF THE INDEPENDENT AUDITOR’S REPORT

The following is an extract of the independent auditor’s report on the consolidated financial statements for the year ended 31 March 2023:

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “**Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2 to the consolidated financial statements, that the Group incurred net losses amounted to approximately HK\$45,668,000 and HK\$182,210,000 for the years ended 31 March 2023 and 31 March 2022 respectively; and the current liabilities of the Group at 31 March 2023 exceed the Group’s current assets at that date by approximately HK\$2,755,000. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. In light of all the measures and arrangements detailed in note 2 to the consolidated financial statements, the directors are of the opinion that the Group will be able to operate as a going concern so as to finance its future working capital and financial requirements. The consolidated financial statements do not include any adjustment that are required to be made should the Group be unable to operate as a going concern. Our opinion is not modified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Year, the Group recorded a loss of HK\$36.8 million from its continuing operations (2022: HK\$176.4 million) and a loss of HK\$8.8 million from its discontinued operations (2022: HK\$5.8 million). Losses attributable to the owners of the Company for the Year from its continuing and discontinued operations were HK\$36.8 million and HK\$40.6 million (2022: HK\$176.4 million and HK\$0.7 million) respectively.

The Group's revenue from its continuing operations was approximately HK\$21.7 million, representing an increase of 42.1% as compared to the year ended 31 March 2022.

The Group's continuing operations comprised of five segments, namely (i) trading of optical frames and sunglasses, (ii) film investment and distribution, (iii) property investment, (iv) debts and securities investment, and (v) energy business.

During the Year, the Group disposed of its subsidiaries which were engaged in the manufacturing of optical frames and sunglasses (details in "Material Acquisition and Disposal" below). The trading of optical frames and sunglasses segment was introduced upon the disposal of the manufacturing and trading segment. Such new trading segment contributed approximately HK\$7.8 million revenue since October 2022.

Revenue from film investment and distribution dropped from HK\$14.0 million in the prior year to HK\$12.6 million in the Year, while the segment loss dropped significantly from HK\$91.1 million in the prior year to HK\$8.4 million in the Year. The loss in the prior year was mainly attributable to fair value loss in investments in film production and impairment loss on investment in an associate of HK\$42.8 million and HK\$46.1 million, respectively. During the Year, impairment loss on investment in an associate of HK\$9.6 million was recorded.

For property investment, rental income remained stable at approximately HK\$1.3 million (2022: HK\$1.3 million).

For debts and securities investment segment, the Group did not record any revenue for both years. As at 31 March 2023, the fair value of the Group's securities investment amounted to approximately HK\$0.2 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 Year (2022: Nil).

The manufacturing and trading of optical frame and sunglasses business contributed HK\$16.4 million revenue during the Year before its disposal (2022: HK\$40.9 million). The discontinued segment recorded a segment loss of HK\$17.8 million during the Year (2022: segment profit of HK\$5.7 million).

Portion of the Group's property investment business was disposed of together with the disposal of the subsidiaries engaged in manufacturing business. Such discontinued segment generated revenue HK\$0.3 million during the Year (2022: HK\$0.6 million).

PROSPECT

The cost saving measures of the Company has demonstrated some positive outcomes. Upon the disposal of its manufacturing of optical frame and sunglasses business, the Group has released its financial burden associated with the disposed subsidiaries. The Directors believe the shift from production to solely sourcing finished goods directly from more competitive suppliers would allow the Group to minimise unnecessary production cost, turnaround from the loss-making operations and improve the Group's financial position in the long run.

Subsequent to the easing of social distancing restrictions in the Year, it is observed that the box office have rebounded significantly as the reopening of the cinema and audiences release their pent-up demand for entertainment. Concurrently, blockbuster film releases have progressively gained momentum both internationally and domestically. Box office receipts have rebounded significantly as audiences release their pent-up demand for entertainment, in light of the recovery of the film industry, management has proactively looking for promising projects. The Company intends to undertake new film investments in the coming financial year and is currently in preliminary discussions with potential projects.

CAPITAL COMMITMENTS

As at 31 March 2023, the Group did not have any material capital commitment (2022: HK\$247 million).

CONTINGENT LIABILITIES

As at 31 March 2023, the Group had no significant liabilities (2022: Nil).

MATERIAL ACQUISITION AND DISPOSAL

On 9 August 2021, Green Source Global Limited, an indirect wholly-owned subsidiary of the Company, entered into subscription agreement with H. Sterling (the "Subscription Agreement") to subscribe 50% of the enlarged issued share capital of H. Sterling at a total consideration of RMB223 million. H. Sterling indirectly owns 21% equity interest in the Yantai LNG. Yantai LNG is principally engaged in the gas operation, import and export of goods and technology and import and export agency services, and is a project company established to implement the Terminal Project. As at 31 March 2023, the conditions precedent as set out in the Subscription Agreement are not fully fulfilled or waived. The Group is following up refund of the deposit paid under the Subscription Agreement. For details, please refer to announcement of the Company titled "DISCLOSEABLE TRANSACTION SUBSCRIPTION OF 50% OF THE ENLARGED ISSUED SHARE CAPITAL OF THE TARGET COMPANY" dated 9 August 2021.

On 28 September 2022, the Group entered into a Sale and Purchase Agreement pursuant to which the Group agreed to sell its 55% shareholding in an indirect non-wholly subsidiary at a consideration of HK\$21 million. The principal asset of this 55% owned indirect non-wholly subsidiary is its indirect equity interest in properties located in Dongguan City. For details, please refer to the Company's announcements dated 28 September 2022 and 10 October 2022. Completion took place by 31 October 2022 and this indirect non-wholly subsidiary had ceased to be a subsidiary of the Group. As at 31 March 2023, deferred consideration of HK\$11 million will be paid by the Purchaser to the Group as to HK\$5 million and HK\$6 million on 28 September 2023 and 28 September 2024 respectively.

LIQUIDITY, FINANCIAL RESOURCE AND GOING CONCERN

As at 31 March 2023, the Group had cash and cash equivalents of approximately HK\$7.4 million (2022: HK\$18.8 million) and the Group's debt to equity ratio (expressed as a percentage of non-current liabilities over equity attributable to owners of the Company) was approximately 1.9% (2022: 13.2%). The non-current liabilities of the Company mainly comprised of deferred tax liabilities, deposit received and lease liabilities amounting to approximately HK\$1.2 million, HK\$0.5 million and HK\$nil (2022: HK\$2.1 million, HK\$0.5 million and HK\$19.0 million), respectively, which came up a total amount of approximately HK\$1.7 million as at 31 March 2023 (2022: HK\$21.6 million). The Group's equity attributable to owners of the Company as at 31 March 2023 was approximately HK\$86.4 million (2022: HK\$163.2 million). As at 31 March 2023, the Group's current liabilities exceeded its current assets by HK\$2.8 million (2022: current assets exceeded its current liabilities by HK\$15.7 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 consolidated financial statements.

DIVIDEND

The Board of the Company does not recommend the payment of any dividend for the year ended 31 March 2023 ("Year") (2022: Nil).

CORPORATE GOVERNANCE

Corporate Governance Code

The Board is committed to ensuring and maintaining high standard of corporate governance practices and procedures in fulfilling its responsibilities. It is the belief of the Board that shareholders can maximize their benefits from good corporate governance. The Company has always recognised the importance of transparency and accountability. The Group has adopted the code provisions as set out in the Corporate Governance Code (the "Code") contained in Appendix 14 of the Listing Rules as its own code of corporate governance practices. The Directors of the Company consider that the Company has complied with the Code throughout the year ended 31 March 2023 ("Year"), except for the following deviations:

Code provision C.2.1

Code provision C.2.1 stipulates that there should be a clear division of responsibilities between management of the Board and the day-to-day management of business. Upon the resignation of Mr. Yu Baodong as chairman of the Board on 11 October 2022, the Board did not appoint any Director as its Chairman. The Board will review the present situation in the coming regular meetings as appropriate.

Code provision D.2.5

Code provision D.2.5 stipulates that a listed company should have an internal audit function. For the year, the Company has outsourced the internal audit function on analysis and independent appraisal of the adequacy and effectiveness of its risk management and internal control systems on trading of optical frames and sunglasses segment to independent professional firm(s). The Board will perform such functions on all segments in the coming year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

The audit committee of the Company (the “**Audit Committee**”), which comprises the three independent non-executive Directors of the Company, had reviewed the Group's audited consolidated financial statements for the Year in conjunction with the Group's auditors, CCTH CPA Limited (“**CCTH**”). Based on this review and discussion with the management of the Company, the Audit Committee was satisfied that the audited consolidated financial statements were prepared in accordance with applicable accounting standards and fairly presented the Group's financial position as at 31 March 2023 and results for the Year.

SCOPE OF WORK OF CCTH CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto as set out in this preliminary announcement have been agreed by the Group's auditor, CCTH, to the amounts set out in the Group's consolidated financial statements for the financial year. The work performed by CCTH 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 HKICPA and consequently no assurance has been expressed by CCTH on the preliminary announcement.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed shares during the Year.

PUBLICATION OF ANNUAL REPORT

The 2022-2023 annual report of the Company and the notice of the annual general meeting will be despatched to the shareholders of the Company and published on the websites of the Stock Exchange at <https://www.hkexnews.hk> and the Company at <http://www.irasia.com/listco/hk/eleganceoptical> in due course.

On behalf of the Board
Elegance Optical International Holdings Limited
Chung Yuk Lun
Executive Director

Hong Kong, 30 June 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.