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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 2021

#### INTERIM RESULTS

The board of directors (the “**Board**” or “**Directors**”) of Elegance Optical International Holdings Limited (the “**Company**”) would like to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2021 (“**Period**”) together with the comparative figures for the corresponding period in 2020 as set out below:

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

For the six months ended 30 September 2021

|  |       | For the six months ended<br>30 September |             |
|--|-------|--|-------------|
|  |       | 2021                                     | 2020        |
|  |       | (Unaudited)                              | (Unaudited) |
|  | Notes | HK\$'000                                 | HK\$'000    |
| REVENUE                                | 4     | 34,875                                   | 43,337      |
| Cost of sales and services             |       | (29,317)                                 | (35,387)    |
| Gross profit                           |       | 5,558                                    | 7,950       |
| Other income                           | 4     | 4,174                                    | 1,948       |
| Selling and distribution expenses      |       | (1,694)                                  | (1,570)     |
| Administrative expenses                |       | (71,053)                                 | (16,882)    |
| Other operating (expense)/income       | 5     | (275)                                    | 2,156       |
| Finance costs                          | 6     | (829)                                    | (2,444)     |
| Share of loss of a joint venture       |       | –  | (114)       |
| Share of (loss)/profit of an associate |       | (625)                                    | 4,510       |
| LOSS BEFORE TAX                        | 5     | (64,744)                                 | (4,446)     |
| Income tax expense                     | 8     | –  | (53)        |
| LOSS FOR THE PERIOD                    |       | (64,744)                                 | (4,499)     |

|   | <b>For the six months ended</b>        |                        |
|---|--|------------------------|
|   | <b>30 September</b>                    |                        |
|   | <b>2021</b>                            | 2020                   |
|   | <b>(Unaudited)</b>                     | (Unaudited)            |
| <i>Notes</i>  | <b><i>HK\$'000</i></b>                 | <b><i>HK\$'000</i></b> |
| Loss for the Period attributable to:                        |  |                        |
| Owners of the Company                                       | <b>(64,368)</b>                        | (3,428)                |
| Non-controlling interests                                   | <b>(376)</b>                           | (1,071)                |
|   | <u><b>(64,744)</b></u>                 | <u>(4,499)</u>         |
|   | <b>2021</b>                            | 2020                   |
| <b>LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b> |  |                        |
| Basic   | <i>9</i> <u><b>(7.37) HK cents</b></u> | <u>(0.53) HK cents</u> |
| Diluted   | <u><b>N/A</b></u>                      | <u>N/A</u>             |

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

*For the six months ended 30 September 2021*

|   | <b>For the six months ended<br/>30 September</b> |                        |
|---|--|------------------------|
|   | <b>2021</b>                                      | 2020                   |
|   | <b>(Unaudited)</b>                               | (Unaudited)            |
| <i>Notes</i>  | <b><i>HK\$'000</i></b>                           | <b><i>HK\$'000</i></b> |
| LOSS FOR THE PERIOD   | <u><b>(64,744)</b></u>                           | <u>(4,499)</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                               | 82   | (32)                   |
| Share of exchange differences on translation of an associate                                  | 2,288  | 284                    |
| Exchange differences on translation of foreign operations                                     | <u>1,117</u>                                     | <u>723</u>             |
| OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD, NET OF TAX                               | <u><b>3,487</b></u>                              | <u>975</u>             |
| TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD, NET OF TAX  | <u><b>(61,257)</b></u>                           | <u>(3,524)</u>         |
| Total comprehensive expense for the Period attributable to:                                   |  |                        |
| Owners of the Company   | (60,636)   | (2,605)                |
| Non-controlling interests   | <u>(621)</u>                                     | <u>(919)</u>           |
|   | <u><b>(61,257)</b></u>                           | <u>(3,524)</u>         |

# UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2021

|   |              | <b>30 September<br/>2021<br/>(Unaudited)<br/>HK\$'000</b> | 31 March<br>2021<br>(Audited)<br>HK\$'000 |
|---|--------------|---|---|
|   | <i>Notes</i> |   |   |
| <b>NON-CURRENT ASSETS</b>                             |              |   |   |
| Property, plant and equipment                         |              | <b>39,949</b>   | 41,196                                    |
| Investment properties                                 |              | <b>63,551</b>   | 63,181                                    |
| Right-of-use assets                                   |              | <b>22,282</b>   | 22,868                                    |
| Intangible assets                                     |              | –   | –   |
| Investment in an associate                            |              | <b>92,375</b>   | 93,000                                    |
|   |              | <hr/> <b>218,157</b> <hr/>                                | <hr/> 220,245 <hr/>                       |
| <b>CURRENT ASSETS</b>                                 |              |   |   |
| Inventories   |              | <b>4,486</b>  | 4,535                                     |
| Trade receivables                                     | <i>10</i>    | <b>16,447</b>   | 14,155                                    |
| Prepayments, deposits and other receivables           |              | <b>42,047</b>   | 39,542                                    |
| Financial assets at fair value through profit or loss |              | <b>82,061</b>   | 81,955                                    |
| Cash and cash equivalents                             |              | <b>17,985</b>   | 40,078                                    |
|   |              | <hr/> <b>163,026</b> <hr/>                                | <hr/> 180,265 <hr/>                       |
| <b>CURRENT LIABILITIES</b>                            |              |   |   |
| Trade payables  | <i>11</i>    | <b>10,064</b>   | 3,603                                     |
| Contract liabilities                                  |              | <b>2,988</b>  | 3,377                                     |
| Other payables, accruals and deposits received        | <i>12</i>    | <b>28,464</b>   | 60,151                                    |
| Interest-bearing bank and other borrowings            |              | <b>23,256</b>   | 23,396                                    |
| Income tax payable                                    |              | <b>15,327</b>   | 15,327                                    |
| Lease liabilities                                     |              | <b>1,171</b>  | 1,162                                     |
|   |              | <hr/> <b>81,270</b> <hr/>                                 | <hr/> 107,016 <hr/>                       |
| <b>NET CURRENT ASSETS</b>                             |              | <hr/> <b>81,756</b> <hr/>                                 | <hr/> 73,249 <hr/>                        |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>          |              | <hr/> <b>299,913</b> <hr/>                                | <hr/> 293,494 <hr/>                       |

|  |              | <b>30 September<br/>2021<br/>(Unaudited)<br/>HK\$'000</b> | 31 March<br>2021<br>(Audited)<br>HK\$'000 |
|--|--------------|---|---|
|  | <i>Notes</i> |   |   |
| <b>NON-CURRENT LIABILITIES</b>               |              |   |   |
| Deposits received                            | <i>12</i>    | <b>36</b>   | 125                                       |
| Deferred tax liabilities                     |              | <b>1,992</b>  | 1,998                                     |
| Interest-bearing other borrowings            |              | <b>14,716</b>   | –   |
| Lease liabilities                            |              | <b>18,622</b>   | 18,879                                    |
|  |              | <u><b>35,366</b></u>                                      | <u>21,002</u>                             |
| <b>NET ASSETS</b>                            |              | <u><b>264,547</b></u>                                     | <u>272,492</u>                            |
| <b>EQUITY</b>                                |              |   |   |
| Share capital                                | <i>13</i>    | <b>8,728</b>  | 8,728                                     |
| Reserves                                     |              | <b>267,394</b>  | 274,718                                   |
|  |              | <u><b>276,122</b></u>                                     | <u>283,446</u>                            |
| Equity attributable to owners of the Company |              | <b>(11,575)</b>   | (10,954)                                  |
| Non-controlling interests                    |              | <u><b>264,547</b></u>                                     | <u>272,492</u>                            |
| <b>TOTAL EQUITY</b>                          |              | <u><b>264,547</b></u>                                     | <u>272,492</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 2021 were authorised for issue in accordance with a resolution of the directors on 30 November 2021.

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 manufacture and trading of optical frames and sunglasses, property investment, investment in debts and securities, film investment and distribution business and energy business.

### 2.1 ACCOUNTING POLICIES AND BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 September 2021 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 and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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 2021.

#### **Basis of preparation**

The unaudited 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 consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

### 2.2 CHANGE IN ACCOUNTING POLICIES AND DISCLOSURES

HKICPA has issued a number of new and revised HKFRSs and interpretations that are first effective or available for early adoption for the Period. In the current period, the Group has applied, for the first time, the following amendments to the HKFRSs issued by the HKICPA. These HKFRSs are mandatorily effective for the annual period beginning on or after 1 April 2021 for the preparation of the Group’s unaudited interim condensed consolidated financial statements.

Amendments to HKFRS 16  
Amendments to HKFRS 9, HKAS 39,  
HKFRS 7, HKFRS 4 and HKFRS 16

Covid-19-Related Rent Concessions  
Interest Rate Benchmark Reform – Phase 2

The adoption of revised HKFRSs has no material effect on the Group's results and financial position for the current and previous accounting periods. The Group has not applied any new or revised HKFRSs that have been issued but are not yet effective for the current accounting period.

There have been no significant changes to the accounting policies applied in these financial statements for the Period presented as a result of these developments.

The unaudited 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.

The preparation of the unaudited condensed consolidated financial statements of the Group for the Period is in conformity with the HKFRSs requirements in the use of certain critical accounting estimates. The HKFRSs also require the management to exercise their judgements in the process of applying the Group's accounting policies.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. A number of new or amended standards are effective from 1 April 2021 but they do not have a material effect on the Group's unaudited condensed consolidated interim financial statements.

### **3. SEGMENT INFORMATION**

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

- (a) the manufacturing and trading segment engaged in manufacture and 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 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 unallocated gains as well as corporate and other unallocated expenses are excluded from such measurement.

During the prior year ended 31 March 2021, the Group commenced the energy business engaging in sale and trading of liquefied petroleum gas products following the completion of acquisition of H. Sterling Global Energy Limited (formerly, Gulf Energy (China) Limited), and this business is regarded as a new operating and reportable segment by the management of the Group.

Segment assets exclude unallocated corporate assets, including cash and cash equivalents, as these assets are managed on a group basis.

Segment liabilities exclude unallocated and corporate liabilities, including interest-bearing bank and other borrowings, tax payable and deferred tax liabilities, as these liabilities are managed on a group basis.

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.

|   | Manufacturing<br>and trading<br><i>HK\$'000</i> | Property<br>investment<br><i>HK\$'000</i> | Debts and<br>securities<br>investment<br><i>HK\$'000</i> | Film<br>investment and<br>distribution<br><i>HK\$'000</i> | Energy<br>business<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
|---|---|---|--|---|---------------------------------------|--------------------------|
| <b>Six months ended 30 September 2021 (unaudited)</b> |   |   |  |   |                                       |                          |
| <b>Segment revenue:</b>                               |   |   |  |   |                                       |                          |
| Revenue from external customers                       | <u>25,544</u>                                   | <u>742</u>                                | <u>–</u>   | <u>8,589</u>  | <u>–</u>                              | <u>34,875</u>            |
| Segment result  | (5,313)   | 619                                       | (808)  | (2,642)   | (2,123)                               | (10,267)                 |
| Bad debt recovery                                     |   |   |  |   |                                       | 2,809                    |
| Bank interest income                                  |   |   |  |   |                                       | 31                       |
| Corporate and other unallocated expenses              |   |   |  |   |                                       | (55,863)                 |
| Finance costs   |   |   |  |   |                                       | (829)                    |
| Share of loss of an associate                         |   |   |  |   |                                       | (625)                    |
| Loss before tax                                       |   |   |  |   |                                       | <u>(64,744)</u>          |
| <b>At 30 September 2021 (unaudited)</b>               |   |   |  |   |                                       |                          |
| <b>Segment assets</b>                                 | <b>89,624</b>                                   | <b>63,412</b>                             | <b>4,719</b>   | <b>162,013</b>  | <b>37,744</b>                         | <b>357,512</b>           |
| Corporate and other unallocated assets                |   |   |  |   |                                       | <u>23,671</u>            |
| Total assets  |   |   |  |   |                                       | <u><u>381,183</u></u>    |
| <b>Segment liabilities</b>                            | <b>65,535</b>                                   | <b>80</b>                                 | <b>2,962</b>   | <b>35,820</b>   | <b>6,689</b>                          | <b>111,086</b>           |
| Corporate and other unallocated liabilities           |   |   |  |   |                                       | <u>5,550</u>             |
| Total liabilities                                     |   |   |  |   |                                       | <u><u>116,636</u></u>    |



|  | Manufacturing<br>and trading<br><i>HK\$'000</i> | Property<br>investment<br><i>HK\$'000</i> | Debts and<br>securities<br>investment<br><i>HK\$'000</i> | Film<br>investment and<br>distribution<br><i>HK\$'000</i> | Energy<br>business<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
|--|---|---|--|---|---------------------------------------|--------------------------|
| <b>Six months ended</b>                        |   |   |  |   |                                       |                          |
| <b>30 September 2020 (unaudited)</b>           |   |   |  |   |                                       |                          |
| <b>Segment revenue:</b>                        |   |   |  |   |                                       |                          |
| Revenue from external customers                | <u>27,801</u>                                   | <u>858</u>                                | <u>694</u>   | <u>13,984</u>   | <u>–</u>                              | <u>43,337</u>            |
| Segment result                                 | (3,947)   | (23)                                      | 160  | (33)  | –                                     | (3,843)                  |
| Bank interest income                           |   |   |  |   |                                       | 4                        |
| Corporate and other unallocated<br>expenses    |   |   |  |   |                                       | (2,559)                  |
| Finance costs                                  |   |   |  |   |                                       | (2,444)                  |
| Share of profit of a joint venture             |   |   |  |   | –                                     | (114)                    |
| Share of profit of an associate                |   |   |  |   | –                                     | 4,510                    |
| Loss before tax                                |   |   |  |   |                                       | <u>(4,446)</u>           |
| <b>At 31 March 2021 (audited)</b>              |   |   |  |   |                                       |                          |
| <b>Segment assets</b>                          | 92,857  | 63,569                                    | 5,307  | 155,025   | 34,436                                | 351,194                  |
| Corporate and other unallocated assets         |   |   |  |   |                                       | <u>49,316</u>            |
| Total assets                                   |   |   |  |   |                                       | <u>400,510</u>           |
| <b>Segment liabilities</b>                     | 66,713  | 696                                       | 357  | 26,732  | 2,019                                 | 96,517                   |
| Corporate and other unallocated<br>liabilities |   |   |  |   |                                       | <u>31,501</u>            |
| Total liabilities                              |   |   |  |   |                                       | <u>128,018</u>           |

## Geographical information

### (a) Revenue from external customers

|   | For the six months ended |               |
|---|--------------------------|---------------|
|   | 30 September             |               |
|   | 2021                     | 2020          |
|   | (Unaudited)              | (Unaudited)   |
|   | HK\$'000                 | HK\$'000      |
| America   | 20,047                   | 18,367        |
| Europe  | 3,475                    | 5,188         |
| The People's Republic of China (the "PRC")<br>(including Hong Kong) | 11,118                   | 18,428        |
| Others  | 235                      | 1,354         |
|   | <u>34,875</u>            | <u>43,337</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.

## Information about major customers

Revenue from individual customers of the corresponding periods contributing over 10% of the total revenue of the Group is as follows:

|            | For the six months ended |               |
|------------|--------------------------|---------------|
|            | 30 September             |               |
|            | 2021                     | 2020          |
|            | (Unaudited)              | (Unaudited)   |
|            | HK\$'000                 | HK\$'000      |
| Customer A | 14,536                   | 12,402        |
| Customer B | N/A                      | 13,450        |
|            | <u>14,536</u>            | <u>25,852</u> |

#### 4. REVENUE AND OTHER INCOME

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts, gross rental income, fair value gain or loss on and dividend income from equity investments at fair value through profit or loss 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             |               |
|  | 2021                     | 2020          |
|  | (Unaudited)              | (Unaudited)   |
|  | HK\$'000                 | HK\$'000      |
| <b>Revenue</b>   |                          |               |
| Sales of goods – at a point in time  | 25,544                   | 27,801        |
| Film distribution agency and commission income – over time                               | 8,589                    | 13,984        |
| Rental income  | 742                      | 858           |
| Fair value (loss)/gains on equity investments at fair value through profit and loss, net | –                        | 694           |
|  | <u>34,875</u>            | <u>43,337</u> |
| <b>Other income</b>  |                          |               |
| Sales of scrap materials   | 142                      | 342           |
| Bank interest income   | 31                       | 4             |
| Bad debt recovery  | 2,809                    | –             |
| Handling income  | 639                      | 413           |
| Accounting service fee   | 540                      | 540           |
| Interest income from loan receivables  | –                        | 501           |
| Others   | 13                       | 148           |
|  | <u>4,174</u>             | <u>1,948</u>  |

## 5. LOSS BEFORE TAX

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

|  | <b>For the six months ended</b> |              |
|--|---------------------------------|--------------|
|  | <b>30 September</b>             |              |
|  | <b>2021</b>                     | 2020         |
|  | <b>(Unaudited)</b>              | (Unaudited)  |
|  | <b>HK\$'000</b>                 | HK\$'000     |
| Cost of inventories sold*  | 22,417                          | 24,941       |
| Depreciation   | 1,872                           | 2,765        |
| Depreciation of right-of-use assets  | 308                             | 354          |
| Employee benefits expense (including directors' remunerations):  |                                 |              |
| Wages and salaries   | 10,346                          | 8,743        |
| Equity-settled share-based payment   | 53,312                          | –            |
| Termination payment  | –                               | 332          |
| Pension scheme contributions**   | 345                             | 445          |
|  | <u>64,003</u>                   | <u>9,520</u> |
| Gross rental income  | 742                             | 858          |
| Less: direct operating expenses (including repairs and maintenance arising from rental-earning investment properties)* | –                               | (198)        |
| Net rental income  | <u>742</u>                      | <u>660</u>   |
| Provision for inventory obsolescence*  | –                               | 612          |
| Foreign exchange differences, net  | (320)                           | (1,955)      |
| Other operating income:  |                                 |              |
| Gain on disposal of investment properties  | –                               | 2,156        |
|  | <u>–</u>                        | <u>2,156</u> |

\* Included in “cost of sales” on the face of the unaudited interim condensed consolidated statement of profit or loss.

\*\* 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 (six months ended 30 September 2020: Nil).

## 6. FINANCE COSTS

|                                  | For the six months ended<br>30 September |              |
|----------------------------------|--|--------------|
|                                  | 2021                                     | 2020         |
|                                  | (Unaudited)                              | (Unaudited)  |
|                                  | HK\$'000                                 | HK\$'000     |
| Interest on bank and other loans | 520                                      | 2,185        |
| Interest on lease liabilities    | 309                                      | 259          |
|                                  | <u>829</u>                               | <u>2,444</u> |

## 7. INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 September 2021 (2020: Nil).

## 8. INCOME TAX

|                                 | For the six months ended<br>30 September |             |
|---------------------------------|--|-------------|
|                                 | 2021                                     | 2020        |
|                                 | (Unaudited)                              | (Unaudited) |
|                                 | HK\$'000                                 | HK\$'000    |
| Current – Charge for the Period | –  | (53)        |
| Total tax charge for the Period | <u>–</u>                                 | <u>(53)</u> |

Taxes on assessable profits have been provided and calculated at the tax rates prevailing in the jurisdiction in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

## 9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share is based on the loss for the Period attributable to owners of the Company of approximately HK\$64,368,000 (2020: HK\$3,428,000) and the number of 872,863,684 (2020: weighted average of 648,979,039) ordinary shares of the Company in issue during the Period.

No diluted loss per share is presented as the Group had no potentially dilutive ordinary shares in issue during the period ended 30 September 2021 and 2020 or as at those dates.

## 10. TRADE RECEIVABLES

|                   | <b>30 September<br/>2021<br/>(Unaudited)<br/>HK\$'000</b> | 31 March<br>2021<br>(Audited)<br>HK\$'000 |
|-------------------|---|---|
| Trade receivables | <b>18,092</b>   | 16,518                                    |
| Impairment        | <b>(1,645)</b>  | (2,363)                                   |
|                   | <b>16,447</b>   | 14,155                                    |

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 2020: 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 2021 and 31 March 2021, based on the invoice date and net of provisions, is as follows:

|                | <b>30 September<br/>2021<br/>(Unaudited)<br/>HK\$'000</b> | 31 March<br>2021<br>(Audited)<br>HK\$'000 |
|----------------|---|---|
| Within 90 days | <b>7,865</b>  | 13,140                                    |
| 91 – 180 days  | <b>8,423</b>  | 1,015                                     |
| 181 – 360 days | <b>159</b>  | –   |
|                | <b>16,447</b>   | 14,155                                    |

## 11. TRADE PAYABLES

The following is an aged analysis of the trade payables as at 30 September 2021 and 31 March 2021 based on the payment due date:

|                | <b>30 September<br/>2021<br/>(Unaudited)<br/>HK\$'000</b> | 31 March<br>2021<br>(Audited)<br>HK\$'000 |
|----------------|---|---|
| Within 90 days | <b>3,473</b>  | 3,181                                     |
| 91 – 180 days  | <b>6,438</b>  | 20  |
| 181 – 360 days | <b>19</b>   | 25  |
| Over 360 days  | <b>134</b>  | 377                                       |
| Total          | <b>10,064</b>   | 3,603                                     |

## 12. OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED

|                               | <b>30 September<br/>2021<br/>(Unaudited)<br/>HK\$'000</b> | 31 March<br>2021<br>(Audited)<br>HK\$'000 |
|-------------------------------|---|---|
| Amount due to a related party | 23,256  | 19,692                                    |
| Other payables                | 2,835   | 7,254                                     |
| Accruals                      | 1,972   | 12,076                                    |
| Deposits received             | 437   | 21,254                                    |
|                               | <u>28,500</u>   | <u>60,276</u>                             |
| Less: Non-current portion     | (36)  | (125)                                     |
|                               | <u><u>28,464</u></u>                                      | <u><u>60,151</u></u>                      |

Other than the non-current portion of rental deposits received which are non-interest-bearing and not repayable within one year, the remaining balances are non-interest-bearing and repayable on demand.

## 13. SHARE CAPITAL

|  | <b>Number of<br/>shares</b> | <b>Amount<br/>HK\$'000</b> |
|--|-----------------------------|----------------------------|
| Authorised:  |                             |                            |
| At 31 March 2021, 1 April 2021 and 30 September 2021 | 1,000,000,000               | 100,000                    |
| Issued and fully paid:                               |                             |                            |
| At 1 April 2021                                      | 872,863,684                 | 8,728                      |
| At 30 September 2021                                 | 872,863,684                 | 8,728                      |

## 14. EVENT AFTER THE REPORTING PERIOD

### Subscription of new shares under general mandate

On 20 October 2021, the Company entered into subscription agreements with the subscriber for the subscription of 174,000,000 new shares for a total proceed of HK\$161,820,000 at the subscription price of HK\$0.93 per subscription share. The Company intends to apply the net proceeds in the following aspects (i) approximately HK\$150 million for the settlement of the subscription price in relation to the transaction of the Company contemplated under the subscription agreement dated 9 August 2021 and (ii) approximately HK\$11.6 million for the general working capital of the Group. For details, please refer to announcement of the Company titled "SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE" dated 20 October 2021.

## MANAGEMENT DISCUSSION AND ANALYSIS

### RESULTS OVERVIEW

During the Reporting Period, the world has experienced one of the most difficult times of recent history. The COVID-19 pandemic has negatively impacted the global economy. In such a challenging environment, the Group expected that our business will inevitably face certain challenges in the short run. After nearly two years of lockdowns, travel restriction and at-home school and work, we are glad to see the economic recovery and increasing consumer confidence driven by the roll-out of vaccination globally.

During the Period, the Group's revenue decreased by approximately 19.6%, to approximately HK\$34.9 million compared to the same period last year, reflecting the negative impact of the COVID-19 pandemic. Gross Profit decreased from approximately HK\$7.95 million to approximately HK\$5.56 million mainly due to drop in revenue, while the gross profit margin rate decreased from 18.34% to 15.94% representing a decline of 2.40% approximately. Administrative expenses increased significantly by HK\$54.2 million compared to the same period last year, to approximately HK\$71.1 million, which was mainly attributable to the one-off and non-cash share-based payment amounting to approximately HK\$53.3 million and as the result, the Group recorded a significant increase in net loss before tax of approximately HK\$64.7 million (2020: loss of approximately HK\$4.4 million) and the loss attributable of the owners of the Company approximately HK\$64.4 million (2020: loss of approximately HK\$3.4 million).

### BUSINESS SEGMENTS

The Group comprised of 5 segments, namely (i) manufacturing and trading of optical frames and sunglasses; (ii) property investment; (iii) debts and securities investment; (iv) film investment and distribution; and (v) energy business. Total revenue for the Period was approximately HK\$34.9 million. The Group's overall revenue was primarily attributed to the sales of optical frames and sunglasses, with a decrease by approximately 8.12% or approximately HK\$2.3 million to approximately HK\$25.5 million for the Period (2020: HK\$27.8 million). For property investment, rental income decreased from approximately HK\$0.86 million as at 30 September 2020 to approximately HK\$0.74 million as at 30 September 2021. It remained relatively insignificant to the Group's operation. For debts and securities investment, loss of approximately HK\$0.51 million was recorded for the Period as compared to the gain of approximately HK\$0.69 million for the six months ended 30 September 2020. For film investment and distribution segment, it recorded a revenue of approximately HK\$8.60 million for the Period (2020: HK\$14.0 million).



For the Energy business, it is yet to generate revenue to the Group for the period. As stated in the annual report for the year ended 31 March 2021, the management has focused to capture appropriate business and investment opportunities by diversifying the Group's business and income streams. In 2021, the Group has implemented two strategic initiatives to strengthen our platform in developing the energy businesses. In February 2021, the Group acquired a company engaged in developing new-energy related business and trading of petroleum chemical products with one of the largest petrochemical companies. The Group is planning to trade petroleum chemical products in the first quarter of 2022. In August 2021, the Group has signed a subscription agreement with H. Sterling LNG Terminal Holding Limited ("**H. Sterling**") to subscribe 50% of the enlarged issued share capital of H. Sterling. H. Sterling holds 21% shareholding of Yantai LNG Terminal Project Company ("**Yantai LNG**") which has been under construction since November 2020. The Terminal Project is expected to commence operation in mid-2023 upon completion of phase 1 construction. Apart from that, the Terminal Project will provide a solid platform for the Group to develop potential sale and trading of liquefied natural gas products ("**LNG**") globally.

## **PROSPECT**

Although the COVID-19 pandemic seems contained recently with only a few sporadic outbreaks and imported cases in mainland China and Hong Kong, it would require some time for the business sentiment to recover to the pre-pandemic level. Therefore, the Group will adhere to its prudent approach and continue improving its cost structures, to strengthen its competency and enhance its overall operating efficiency.

For the film investment and distribution business, the growth in number of screen of PRC led the world, showing a strong pent-up entertainment demand and the vitality of the industry. The rebound in the Chinese film industry fully demonstrates its institutional strength, comprehensive strength and resilience and the Group believed that in long-term, the Chinese film market will continue to be robust.

In addition, the Group will try best endeavor to diversify the Group's business and income streams. The Group started to do the layout for the energy industry as stated above. The Group is reviewing its existing resources, including the experience, expertise and network of the Company's directors and management, with the aim of exploring and developing its energy business.

## **CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

As at 30 September 2021, the Company had no capital commitments, which were contracted but not provided for, in respect of acquisition of property, plant and equipment (2020: Nil). As at 30 September 2021, the Company had no contingent liabilities (2020: Nil) in respect of corporate guarantees given to banks for the general banking facilities granted to its subsidiaries.

## **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 the 30 September 2021, the conditions precedent as set out in the Subscription Agreement are not fully fulfilled or waived. 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.

## **EVENT AFTER THE REPORTING PERIOD**

### **Subscription of new shares under general mandate**

On 20 October 2021, the Company entered into subscription agreement with the subscriber for the subscription of 174,000,000 new shares for a total proceed of HK\$161,820,000 at the subscription price of HK\$0.93 per subscription share. The Company intends to apply the net proceeds in the following aspects (i) approximately HK\$150 million for the settlement of the subscription price in relation to the transaction of the Company contemplated under the subscription agreement dated 9 August 2021 and (ii) approximately HK\$11.6 million for the general working capital of the Group. For details, please refer to announcement of the Company titled “SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE” dated 20 October 2021.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group’s financial position with cash and cash equivalents of approximately HK\$18.0 million (31 March 2021: HK\$40.1 million), short-term borrowings of approximately HK\$23.3 million (31 March 2021: HK\$23.4 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 12.8% as at 30 September 2021 (31 March 2021: 7.4%). The non-current liabilities of the Company mainly comprised of deferred tax liabilities, deposit received, interest-bearing other borrowings and lease liabilities amounting to approximately HK\$2.0 million, HK\$36,000, HK\$14.7 million and HK\$18.6 million respectively (31 March 2021: HK\$2.0 million, HK\$0.1 million, HK\$Nil and HK\$18.9 million) which came up a total amount of approximately HK\$35.4 million as at 30 September 2021 (31 March 2021: HK\$21.0 million). The Group’s equity attributable to owners of the Company as at 30 September 2021 amounted to approximately HK\$276.1 million (31 March 2021: HK\$283.4 million).

## **CORPORATE GOVERNANCE**

During the six months ended 30 September 2021, 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**”), except for the following deviations:

### **Code provision A.4.1**

Code provision A.4.1 stipulates that non-executive Directors should be appointed for a specific term, subject to re-election. Other than Mr. Hui Man Ho, Ivan who has been appointed for an initial term of two years which is renewed automatically for successive terms of one year, the other existing independent non-executive Directors of the Company do not have any specific term of appointment. All of them are subject to retirement by rotation and re-election at the annual general meetings pursuant to the Bye-laws of the Company. The Bye-laws require that every Director will retire from office no later than the third annual general meeting of the Company after he was last elected or re-elected. Further, any person appointed by the Board to fill a casual vacancy or as an additional director (including non-executive Director) will hold office only until the next general meeting and will then be eligible for re-election. As such, the Board considers that such requirements are sufficient to meet the underlying objectives of the relevant Code provision.

## **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 THE COMPANY’S LISTED SECURITIES**

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 2021.

## **REVIEW OF UNAUDITED INTERIM RESULTS**

The unaudited condensed consolidated interim financial information for the six months ended 30 September 2021 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**  
**Wong Chong Fai**  
*Executive Director*

Hong Kong, 30 November 2021

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