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 2025

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 2025 together with the comparative figures for 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
Revenue	5	**14,457**	23,989
Cost of sales and services		**(13,423)**	(19,115)
Gross profit		**1,034**	4,874
Other income and gains	5	**1,854**	13,338
Selling and distribution expenses		**(228)**	(128)
Administrative expenses		**(18,565)**	(23,724)
Other operating expenses	6	**(5,733)**	(46,395)
Finance costs	7	**(2,863)**	(599)
Share of loss of associates		**(10,954)**	(6,530)
Share of loss of a joint venture		**(77)**	(195)
Loss before tax	8	**(35,532)**	(59,359)
Income tax credit	9	**15,327**	–
Loss for the year		**(20,205)**	(59,359)
LOSS PER SHARE	11		
Basic *(HK$ cents)*		**(2.31)**	(6.80)
Diluted *(HK$ cents)*		**N/A**	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2025

	Notes	**2025** **HK$'000**	2024 *HK$'000*
Loss for the year		**(20,205)**	(59,359)
Other comprehensive (expense)/income			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(360)**	403
Reclassification of cumulative exchange fluctuation reserve upon disposal of foreign operations		**–**	(9,173)
Share of exchange differences on translation of a joint venture		**(8)**	(11)
Share of exchange differences on translation of associates		**(395)**	(359)
Other comprehensive expense for the year		**(763)**	(9,140)
Total comprehensive expense for the year		**(20,968)**	(68,499)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(20,968)**	(68,499)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**4,721**	4,987
Investment properties		**27,526**	32,121
Investment in associates		**5,651**	17,000
		37,898	54,108
CURRENT ASSETS			
Inventories		**–**	209
Films copyrights		**25,400**	4,162
Trade receivables	*12*	**747**	4,082
Prepayments, deposits and other receivables		**3,386**	13,105
Cash and cash equivalents		**8,735**	7,054
		38,268	28,612
Assets classified as held for sale		**–**	9,100
		38,268	37,712
CURRENT LIABILITIES			
Trade payables	*13*	**6,526**	7,680
Other payables, accruals and deposits receive		**25,874**	34,278
Interest-bearing borrowings		**44,714**	13,147
Contract liabilities		**1,004**	1,442
Income tax payable		**–**	15,327
		78,118	71,874
Liabilities associated with assets classified as held for sale		**–**	910
		78,118	72,784
NET CURRENT LIABILITIES		**(39,850)**	(35,072)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(1,952)**	19,036

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

As at 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**1,113**	1,133
		(1,113)	(1,133)
NET (LIABILITIES)/ASSETS		**(3,065)**	17,903
EQUITY			
ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	*14*	**8,728**	8,728
Reserves		**(11,793)**	9,175
(CAPITAL DEFICIENCY)/TOTAL EQUITY		**(3,065)**	17,903

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 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.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange. For the purpose of preparation of the consolidated financial statement, information is considered material if such information is reasonably expected to influence decisions made by primary users.

Going concern basis

Notwithstanding that the Group incurred net losses amounted to approximately HK$20,205,000 for the year ended 31 March 2025; and the current liabilities of the Group at 31 March 2025 exceed the Group's current assets at that date by approximately HK$39,850,000, 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 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.

(b) The Group will also continue to seek for other alternative financing and bank borrowings to finance 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 approval of these consolidated financial statements. 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 HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on 1 April 2024 for the preparation of the consolidated financial statements:

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

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

New and amendments to HKFRS Accounting Standards in issue but not yet effective

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

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11[3]
Amendments to HKAS 21	Lack of Exchangeability[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[4]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2025.
3 Effective for annual periods beginning on or after 1 January 2026.
4 Effective for annual periods beginning on or after 1 January 2027.

Except for new HKFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all new and other amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

4. SEGMENT INFORMATION

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

(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 copyrights and movie investments and distributions; and

(e) the energy business segment engaged in investments in energy sector related instrument and sale and trading of liquefied petroleum gas products.

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 loss, which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group's 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 unallocated head office and corporate assets, including cash and cash equivalents, and certain property, plant and equipment, as these assets are managed on a group basis.

Segment liabilities exclude 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 2025

	Trading *HK$'000*	Property investment *HK$'000*	Debts and securities investment *HK$'000*	Film investment and distribution *HK$'000*	Energy business *HK$'000*	Total *HK$'000*
Segment revenue	9,002	944	–	4,511	–	14,457
Segment loss	(9,834)	(5,088)	(518)	(3,293)	(42)	(18,775)
Bank interest income						20
Corporate and other unallocated expenses						(2,883)
Finance costs						(2,863)
Share of loss of associates	–	–	–	(10,954)	–	(10,954)
Share of loss of a joint venture	(77)	–	–	–	–	(77)
Loss before tax						(35,532)
Segment assets	6,820	27,749	128	35,251	–	69,948
Corporate and other unallocated assets						6,218
Total assets						76,166
Segment liabilities	8,877	957	2,768	32,638	12,196	57,436
Corporate and other unallocated liabilities						21,795
Total liabilities						79,231
Other segment information:						
Share of loss of associates	–	–	–	(10,954)	–	(10,954)
Share of loss of a joint venture	(77)	–	–	–	–	(77)
Depreciation	(186)	(24)	–	(1)	–	(211)
Impairment loss on investment in and loan to a joint venture reversed	100	–	–	–	–	100

In respect of the year ended 31 March 2024

	Trading *HK$'000*	Property investment *HK$'000*	Debts and securities investment *HK$'000*	Film investment and distribution *HK$'000*	Energy business *HK$'000*	Total *HK$'000*
Segment revenue	12,907	1,398	–	9,684	–	23,989
Segment loss	(7,493)	(15,593)	(1,200)	(4,336)**	(24,238)*	(52,860)
Bank interest income						15
Gain on disposal of subsidiaries						10,144
Corporate and other unallocated expenses						(9,334)
Finance costs						(599)
Share of loss of associates	–	–	–	(6,530)	–	(6,530)
Share of loss of a joint venture	(195)	–	–	–	–	(195)
Loss before tax						(59,359)
Segment assets	9,497	45,556	50	29,551	–	84,654
Corporate and other unallocated assets						7,166
Total assets						91,820
Segment liabilities	16,432	1,343	4,987	5,619	12,154	40,535
Corporate and other unallocated liabilities						33,382
Total liabilities						73,917
Other segment information:						
Share of loss of associates	–	–	–	(6,530)	–	(6,530)
Share of loss of a joint venture	(195)	–	–	–	–	(195)
Depreciation	363	24	–	2	–	389
Impairment loss on investment in associates	–	–	–	(5,111)	–	(5,111)
Impairment loss on investment in and loan to a joint venture reversed	(364)	–	–	–	–	(364)
Additions to items of property, plant and equipment	386	–	–	–	–	386

* Included impairment loss on prepayments, deposits and other receivables of approximately HK$24,238,000 as the corresponding assets were previously included in segment assets of energy business.

** Included impairment loss on investment in associates of approximately HK$5,111,000 as the corresponding assets are included in segment assets of film investment and distribution.

Geographical information

(a) Revenue from external customers

	2025	2024
	HK$'000	*HK$'000*
Europe	**1,828**	5,809
America	**4,877**	5,044
The People's Republic of China ("**PRC**") (including Hong Kong)	**5,578**	11,619
Others	**2,174**	1,517
Total revenue	**14,457**	23,989

The revenue information 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), film distribution income, net investment income from co-investment of films with copyrights, 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 non-current 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 corresponding years contributing over 10% of total revenue of the Group of the corresponding years is as follows:

		2025	2024
		HK$'000	*HK$'000*
	Revenue generated from		
Customer A	Film investment and distribution	**N/A**	6,424
Customer B	Film investment and distribution	**N/A**	2,800
Customer C	Trading	**2,866**	4,400
Customer D	Trading	**1,595**	N/A
Customer E	Film investment and distribution	**3,600**	N/A
Customer F	Trading	**1,802**	N/A

Revenue from each of the Customer A and Customer B for the year ended 31 March 2025 did not contribute over 10% of the total revenue of the Group for the year.

Revenue from each of the Customer D, Customer E and Customer F for the year ended 31 March 2024 did not contribute over 10% of the total revenue of the Group for that year.

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:

	2025	2024
	HK$'000	*HK$'000*
Revenue:		
Sale of goods – at point in time	**9,002**	12,907
Film distribution service income – over time	**4,038**	3,260
Revenue from contracts with customers	**13,040**	16,167
Net investment income from co-investment of films with copyrights – at a point in time	**473**	6,424
Rental income from lease of investment properties	**944**	1,398
Total revenue recognised	**14,457**	23,989
Other income and gains:		
Accounting service fee	**1,110**	1,740
Bank interest income	**20**	15
Gain on change in fair value of financial assets at fair value through profit or loss – equity investments at fair value through profit or loss	**–**	829
Gain on disposal of subsidiaries	**–**	10,144
Impairment loss on investment in and loan to a joint venture reversed	**100**	364
Sales of scrap materials	**–**	24
Others	**624**	222
	1,854	13,338

6. OTHER OPERATING EXPENSES

	2025	2024
	HK$'000	*HK$'000*
Impairment loss on prepayments, deposits and other receivables	**583**	30,033
Impairment loss on investment in associates	**–**	5,111
Impairment loss on trade receivables *(note 12)*	**149**	165
Loss on change in fair value of investment properties	**4,601**	9,590
Loss on change in fair value of financial assets at fair value through profit or loss		
– investments in convertible bond	**–**	1,496
Others	**400**	–
	5,733	46,395

7. FINANCE COSTS

	2025	2024
	HK$'000	*HK$'000*
Interest on borrowings	**2,863**	599

8. LOSS BEFORE TAX

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

	2025	2024
	HK$'000	*HK$'000*
Cost of inventories sold *(note a)*	**7,914**	12,575
Depreciation of property, plant and equipment	**211**	389
Auditor's remuneration	**650**	1,126
Short-term leases expenses	**600**	1,617
Employee benefit expenses (including directors' remuneration):		
Wages, salaries and other benefits	**12,669**	12,652
Pension scheme contributions *(note b)*	**345**	458
Total employee benefit expenses	**13,014**	13,110

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 (2024: Nil).

9. INCOME TAX CREDIT

	2025	2024
	HK$'000	*HK$'000*
Hong Kong profits tax:		
Current tax	**–**	–
Over provision in previous years	**15,327**	–
	15,327	–

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 both of the years presented. 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. DIVIDEND

The Board does not recommend payment of any dividend for the year ended 31 March 2025 (2024: Nil).

11. LOSS PER SHARE

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

	2025	2024
	HK$'000	*HK$'000*
Loss for the purpose of basic loss per share		
Loss for the year attributable to owners of the Company	**(20,205)**	(59,359)

	2025	2024
	'000	*'000*
Number of shares for the purpose of basic loss per share		
Weighted average number of ordinary shares in issue	**872,864**	872,864

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 year ended 31 March 2025.

No diluted loss per share is presented as the Group had no other potential ordinary shares in issue during the years ended 31 March 2025 and 2024 or as at those dates.

12. TRADE RECEIVABLES

	2025	2024
	HK$'000	*HK$'000*
Trade receivables, gross amount	**2,568**	5,754
Less: impairment loss recognised	**(1,821)**	(1,672)
	747	4,082

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 (2024: 45 to 120 days). Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are regularly reviewed by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non interest-bearing.

An aged analysis of 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:

	2025	2024
	HK$'000	*HK$'000*
Within 90 days	**747**	3,128
91 to 180 days	**–**	86
181 to 360 days	**–**	868
	747	4,082

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

	2025	2024
	HK$'000	*HK$'000*
At beginning of the year	**1,672**	1,507
Impairment loss recognised during the year	**149**	165
At end of the year	**1,821**	1,672

13. 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:

	2025	2024
	HK$'000	*HK$'000*
Within 90 days	**2,931**	3,096
91 to 180 days	**918**	2,932
181 to 360 days	**2,445**	1,522
Over 360 days	**232**	130
	6,526	7,680

Trade payables are non-interest-bearing and are normally settled on 90-day (2024: 90-day) terms.

14. SHARE CAPITAL

	2025	2024
	HK$'000	*HK$'000*
Authorised:		
10,000,000,000 shares of HK$0.01 each (2024: 10,000,000,000 shares of HK$0.01 each)	**100,000**	100,000
Issued and fully paid:		
872,863,684 shares of HK$0.01 each (2024: 872,863,684 shares of HK$0.01 each)	**8,728**	8,728

There are no movements in the Company's issued share capital during the year ended 31 March 2025.

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 2025:

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Qualified Opinion

(1) Opening balance of deposits paid for the acquisition of equity investment

As referred to in note 20 to the consolidated financial statements, the Group entered into an agreement (the "**Subscription Agreement**"), under which the Group agreed to subscribe for 50% equity interest in H. Sterling LNG Terminal Holding Limited ("**H. Sterling LNG**"), a company incorporated in the British Virgin Islands, for an aggregate consideration of RMB223 million, of which aggregate deposits amounted to HK$27,800,000 were paid by the Group up to 31 March 2023. Impairment loss on the deposits paid amounted to HK$27,800,000 has been recognised in the Group's consolidated financial statements as at 31 March 2024. The directors of the Company concluded that the conditions precedent as set out in the Subscription Agreement are not fully fulfilled or waived, accordingly, the proposed acquisition was cancelled and the Group has demanded the repayment of the deposits paid. The directors of the Company considered that it is likely that the deposits paid amounted to HK$27,800,000 are not recoverable.

We are unable to obtain sufficient appropriate audit evidence to assess whether the aggregate deposits paid amounted to HK$27,800,000 were fully irrecoverable as at 31 March 2024.

(2) Opening balance of investments in convertible bond

As referred to in note 20 to the consolidated financial statements, during the prior year ended 31 March 2021, the Group subscribed convertible bond issued by a third party ("**the Issuer**") and the Group had investments in convertible bond with the carrying amount of HK$17,160,000 at 31 March 2023, being its fair value as at that date. The convertible bond, which carried interest at 8% per annum with the principal amount of US$2,000,000 (equivalent to HK$15,664,000), entitled the Group to convert the bond into approximately 2% of the issued capital of the Issuer (on full conversion). Under the terms of the convertible bond, at the expiration of the conversion period, the convertible bond, if not converted, will be redeemed by the Issuer at the principal amount of the bond. The convertible bond matured on 10 December 2023 and no redemption or conversion of the bond was made as at the maturity date and up to the date of approval of these consolidated financial statements, which resulted in the reclassification of the investments in convertible bond with the carrying amount of HK$15,664,000 to other receivables for the year ended 31 March 2024. The directors of the Company considered that it is likely that this receivable is not recoverable, accordingly impairment loss amounted to HK$15,664,000 has been recognised in the Group's consolidated financial statements as at 31 March 2024.

We are unable to obtain sufficient appropriate audit evidence to assess whether the convertible bond receivable amounted to HK$15,664,000 were fully irrecoverable as at 31 March 2024.

As explained in note 20 to the consolidated financial statements, the Group engaged the external professional valuer to perform the impairment assessments on the closing balance of (1) deposits paid for the acquisition of equity investment and (2) other receivable relating to investments in convertible bond. We obtained sufficient appropriate audit evidence on assess the impairment of (1) deposits paid for the acquisition of equity investment of HK$27,800,000 and (2) other receivable relating to investments in convertible bond of HK$15,664,000 as at 31 March 2025. Therefore, the scope limitation did not have an impact on consolidated financial position of the Group as at 31 March 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended. As a result, the comparative information disclosed for the corresponding period may not be comparable to that of the current year. Our opinion on the current year's financial statements is modified because of the possible effects of this matter on the comparability of the current year's figures and the corresponding figures.

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 qualified opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 3 to the consolidated financial statements that the Group incurred net losses amounted to approximately HK$20,205,000 for the year ended 31 March 2025; and the current liabilities of the Group at 31 March 2025 exceed the Group's current assets at that date by approximately HK$39,850,000. 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 3 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.

THE VIEW OF THE MANAGEMENT OF THE COMPANY, THE BOARD, AND THE AUDIT COMMITTEE OF THE BOARD ON THE AUDITORS' OPINION

The auditor of the Company have qualified their audit opinion regarding the deposit paid for the acquisition of equity investment and convertible bonds. The management of the Company has made concerted efforts to recover the deposit and convertible bonds, and has taken further actions to pursue the recovery by due legal process. Due to the uncertainty of the recoverability, the management believes that the full impairment made in relation to the deposit and the convertible bonds is appropriate. The Board and the Audit Committee did not express different views from that of the auditor on the basis of the qualifications.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Year, the Group's revenue generated from its continuing operations decreased to HK$14.5 million (2024: HK$24.0 million), representing an decrease of 39.6% as compared to the year ended 31 March 2024. A loss of HK$20.2 million from its continuing operations was recorded (2024: HK$59.4 million). The decrease of the loss was attributable to decrease in the impairment loss on prepayment, deposits and other receivables from HK$30.0 million to HK$0.6 million and decrease in investment properties fair value diminution of HK$4.6 million (2024: HK$9.6 million).

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.

Revenue from trading of optical frames and sunglasses decreased from HK$12.9 million in the prior year to HK$9.0 million in the Year. This segment recorded a loss of HK$9.8 million in the Year (2024: segment loss of HK$7.5 million).

Revenue from film investment and distribution dropped from HK$9.7 million in the prior year to HK$4.5 million in the Year, while the segment loss narrowed down to HK$3.3 million (2024: HK$4.3 million), resulted from a decrease in impairment loss on investment in associates from HK$5.1 million in the prior year to nil in the Year.

Rental income from property investment business remained stable at HK$0.9 million (2024: HK$1.4 million).

For debts and securities investment segment, the Group did not generate any revenue in both years.

PROSPECT

The Group's strategic shift toward a procurement and sourcing service provider model was designed to enhance flexibility and cost efficiency. However, the expected benefits have been constrained by worsening macroeconomic conditions. The initial assumption of stable economic conditions–key to restoring the Eyewear Business to pre-transition levels–has not been realized. Instead, the global economic environment has introduced significant challenges, disrupting the recovery momentum observed earlier in the fiscal year.

As of 31 March 2025, the eyewear industry in Hong Kong, including the Group, continues to face unprecedented pressures in an increasingly volatile market. Persistent inflationary trends, particularly in core markets such as Europe and the United States, have eroded consumer purchasing power more severely than projected. Consequently, demand for eyewear products has weakened as consumers prioritize essential spending over discretionary purchases like fashion eyewear.

Simultaneously, the Group's reliance on production facilities in Mainland China has come under strain due to rising costs and declining price competitiveness. The emergence of lower-cost manufacturing hubs in Southeast Asia has intensified competition, compressing profit margins and diminishing the Group's historical pricing advantages.

These market dynamics have made it increasingly difficult to sustain profitability without compromising on quality.

In response, management has initiated a long-term strategy to diversify the supply chain, including exploring partnerships with cost-competitive suppliers in Southeast Asia. However, this transition requires careful execution–identifying, vetting, and onboarding reliable suppliers while maintaining quality standards will be a gradual process. As a result, short-term performance may be impacted during this realignment period.

For Film Investment Business, the Hong Kong film industry continues to navigate a gradual recovery, though progress remains uneven. While the Company maintains a cautiously optimistic outlook, the broader market has yet to regain its pre-pandemic vitality. The film exhibition sector in China, including Hong Kong and Macau, has seen fluctuating demand, with audience enthusiasm varying across releases– highlighting the ongoing challenges in sustaining consistent growth.

Despite these headwinds, the Group's strategic cooperation with Emperor Motion Pictures ("**EMP**") has been a key milestone in diversifying its investment approach. By participating in a slate of film projects, the Group aims to balance risk and reward, reducing reliance on the performance of any single production. This portfolio strategy is expected to yield more stable returns over time, though near-term profitability remains pressured by the industry's slower-than-expected recovery.

The Hong Kong film industry has long been recognized for its resilience and creativity, yet recent market conditions have proven challenging. While government initiatives continue to support local production and investment, broader economic uncertainties and shifting consumer preferences have tempered growth. Nevertheless, Hong Kong cinema retains its international appeal, and the Group remains committed to leveraging this reputation.

Moving forward, the Company is actively exploring additional collaborations with leading production houses in Hong Kong, building on its partnership with EMP. While expansion in the current environment requires measured steps, the Group is confident in the long-term potential of the industry and is strategically positioning itself to capitalize on future opportunities.

CAPITAL COMMITMENTS

As at 31 March 2025, the Group did not have any material capital commitment (2024: Nil).

CONTINGENT LIABILITIES

As at 31 March 2025, the Group had no significant liabilities (2024: Nil).

LIQUIDITY, FINANCIAL RESOURCE AND GOING CONCERN

As at 31 March 2025, the Group had cash and cash equivalents of approximately HK$8.7 million (2024: HK$7.1 million). To finance its operations and investments, the Group utilises cash flows generated from operations and from a loan facility granted by an independent third party. As at 31 March 2025, the Group had total borrowings of HK$44.7 million (2024: HK$13.1). The loan facility is unsecured, interest-bearing and repayable within one year. Gearing ratio of the Group (expressed as a percentage of total borrowings over total assets) was 58.7% as at 31 March 2025 (2024: 14.3%). As at 31 March 2025, the Group's current liabilities exceeded its current assets by HK$39.9 million (2024: HK$35.1 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 financial support.

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 3 to the notes to the consolidated financial statements.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2025, the Group employed 25 (2024: 26) full time employees in Mainland China and Hong Kong. Salaries, bonuses and benefits are determined with reference to market terms and performance, qualifications and experience of each individual employee, and are subject to review from time to time.

DIVIDEND

The Board does not recommend the payment of any dividend for the year (2024: 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 C1 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 2025 ("**Year**"), except for the following deviations:

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 film investment segment to independent professional firm(s).

Listing Rules 3.10(1), 3.21 and 3.05

Following the resignation of Ms. Lai Pik Chi, Peggy as an independent non-executive Director, chairman and a member of Audit Committee, a member of Remuneration Committee and a member of Nomination Committee on 6 May 2025, the Company failed to meet the requirements of (i) having at least three independent non-executive Directors on the Board under Rule 3.10(1) of the Rules Governing the Listing of Securities on Stock Exchange (the "**Listing Rules**"); and (ii) having a minimum of three non-executive directors in the audit committee under Rule 3.21 of the Listing Rules.

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 C3 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, Prism Hong Kong Limited ("**Prism**"). 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 2025 and results for the Year.

SCOPE OF WORK OF PRISM HONG KONG 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, Prism, to the amounts set out in the Group's consolidated financial statements for the financial year. The work performed by Prism 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 Prism 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 2024-2025 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
Zhu Guohua
Chairlady and Executive Director

Hong Kong, 30 June 2025

As at the date of this announcement, the executive Directors are Ms. Zhu Guohua and Mr. Gu Jianguo; the non-executive Directors are Mr. Lam Wing Yiu and Mr. Li Qiang; and the independent non-executive Directors are Mr. Chan Chi Wai and Mr. Law, Michael Ka Ming.