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ELEGANCE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(website: <http://www.elegance-group.com>)

(Stock Code: 907)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2010

The board of directors of Elegance International Holdings Limited (the “Company”) is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2010 together with the comparative figures for 2009 as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2010

	<i>Notes</i>	2010 HK\$'000	2009 HK\$'000
REVENUE	4	429,143	510,083
Cost of sales		(366,904)	(438,793)
Gross profit		62,239	71,290
Other income	4	2,502	3,366
Selling and distribution costs		(6,692)	(10,234)
Administrative expenses		(49,703)	(56,170)
Other operating income, net		1,496	883
Finance costs	6	(7)	(70)
Share of profits and losses of:			
Jointly-controlled entities		492	(115)
Associates		34	6,342
PROFIT BEFORE TAX	5	10,361	15,292
Income tax expense	7	(1,093)	864
PROFIT FOR THE YEAR		<u>9,268</u>	<u>16,156</u>
Attributable to:			
Equity holders of the parent		11,758	17,611
Minority interests		(2,490)	(1,455)
		<u>9,268</u>	<u>16,156</u>
EARNINGS PER SHARE			
ATTRIBUTABLE TO ORDINARY			
EQUITY HOLDERS OF THE PARENT	9		
Basic and diluted		<u>3.63 cents</u>	<u>5.44 cents</u>

Details of the dividend proposed for the year are disclosed in note 8 to this announcement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2010

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
PROFIT FOR THE YEAR	<u>9,268</u>	<u>16,156</u>
OTHER COMPREHENSIVE INCOME		
Change in fair value of available-for-sale financial assets	(130)	(273)
Exchange differences on translation of foreign operations	<u>(32)</u>	<u>(106)</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>(162)</u>	<u>(379)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>9,106</u>	<u>15,777</u>
Attributable to:		
Equity holders of the parent	11,489	17,388
Minority interests	<u>(2,383)</u>	<u>(1,611)</u>
	<u>9,106</u>	<u>15,777</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2010

	<i>Notes</i>	2010 HK\$'000	2009 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		217,464	229,636
Investment property		3,760	2,800
Prepaid land lease payments		44,365	45,451
Interests in jointly-controlled entities		4,858	4,775
Interest in an associate		2,236	3,179
Available-for-sale financial assets		32,149	32,279
Deferred tax assets		497	807
Deposits paid for items of property, plant and equipment		652	2,227
Total non-current assets		305,981	321,154
CURRENT ASSETS			
Inventories		75,117	78,393
Trade and bills receivables	<i>10</i>	115,431	125,894
Prepayments, deposits and other receivables		10,601	13,301
Equity investments at fair value through profit or loss		37	835
Tax recoverable		57	1,068
Cash and cash equivalents		118,186	78,119
Total current assets		319,429	297,610
CURRENT LIABILITIES			
Trade and bills payables	<i>11</i>	41,218	34,764
Other payables and accruals		40,458	39,335
Tax payable		4,647	3,838
Total current liabilities		86,323	77,937
NET CURRENT ASSETS		233,106	219,673
TOTAL ASSETS LESS CURRENT LIABILITIES		539,087	540,827
NON-CURRENT LIABILITIES			
Deferred tax liabilities		4,413	5,550
Net assets		534,674	535,277
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital		32,365	32,365
Reserves		475,792	474,012
Proposed final dividends	<i>8</i>	9,709	9,709
Minority interests		517,866	516,086
		16,808	19,191
Total equity		534,674	535,277

Notes:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for an investment property and equity investments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2010. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company’s subsidiaries. Acquisitions of minority interests are accounted for using the parent entity extension method whereby the difference between the consideration and the book value of the share of the net assets acquired is recognised as goodwill.

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year’s financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised HKFRSs has had no significant effect on these financial statements.

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of HKFRSs</i> and HKAS 27 <i>Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>
HKFRS 2 Amendments	Amendments to HKFRS 2 <i>Share-based Payment – Vesting Conditions and Cancellations</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments</i>
HKFRS 8	<i>Operating Segments</i>
HKAS 1 (Revised)	<i>Presentation of Financial Statements</i>
HKAS 18 Amendment*	Amendment to Appendix to HKAS 18 <i>Revenue – Determining whether an entity is acting as a principal or as an agent</i>
HKAS 23 (Revised)	<i>Borrowing Costs</i>
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation and HKAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation</i>
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 <i>Reassessment of Embedded Derivatives</i> and HKAS 39 <i>Financial Instruments: Recognition and Measurement – Embedded Derivatives</i>
HK(IFRIC)-Int 13	<i>Customer Loyalty Programmes</i>
HK(IFRIC)-Int 15	<i>Agreements for the Construction of Real Estate</i>
HK(IFRIC)-Int 16	<i>Hedges of a Net Investment in a Foreign Operation</i>
HK(IFRIC)-Int 18	<i>Transfers of Assets from Customers</i> (adopted from 1 July 2009)
Improvements to HKFRSs (October 2008)**	Amendments to a number of HKFRSs

* Included in *Improvements to HKFRSs 2009* (as issued in May 2009).

** The Group adopted all the improvements to HKFRSs issued in October 2008 except for the amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary, which is effective for annual periods beginning on or after 1 July 2009.

Other than as further explained below regarding the impact of HKAS 1 (Revised) and HKFRS 8, the adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements.

(a) HKAS 1 (Revised) *Presentation of Financial Statements*

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

(b) HKFRS 8 *Operating Segments*

HKFRS 8, which replaces HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the operating segments determined in accordance with HKFRS 8 are the same as the business segments previously identified under HKAS 14. These revised disclosures, including the related revised comparative information, are shown in note 3 below.

3. SEGMENT INFORMATION

The Group is engaged in the manufacture and trading of optical frames, sunglasses and optical cases. For management purposes, the Group operates in one business unit based on its products, and has one reportable segment which is the manufacture and sale of eyewear products.

No operating segments have been aggregated to form the above reportable operating segment.

Geographical information

(a) *Revenue from external customers*

	2010	2009
	HK\$'000	HK\$'000
Europe	253,104	297,119
North America	126,869	167,897
People's Republic of China (the "PRC") (including Hong Kong)	34,382	30,162
Other Asian countries	9,893	11,124
Others	4,895	3,781
	429,143	510,083

The revenue information above is based on the location of the customers.

(b) *Non-current assets*

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

Information about a major customer

Revenue of approximately HK\$158,361,000 (2009: HK\$189,405,000) was derived from a single customer, including sales to a group of entities which are known to be under common control with that customer.

4. REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, represents the invoiced value of goods sold to third parties, net of trade discounts and returns.

An analysis of revenue and other income is as follows:

	Group	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue		
Sale of goods	429,143	510,083
Other income		
Sale of scrap materials	581	899
Bank interest income	409	1,484
Gross rental income	248	156
Dividend income from equity investments at fair value through profit or loss	28	17
Others	1,236	810
	2,502	3,366

5. PROFIT BEFORE TAX

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

	Group	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of inventories sold	368,780	434,522
Depreciation	32,916	32,676
Auditors' remuneration	900	1,265
Minimum lease payments under operating leases in respect of buildings	2,611	2,465
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	148,571	159,987
Pension scheme contributions*	866	920
	<u>149,437</u>	<u>160,907</u>
Gross rental income	(248)	(156)
Provision/(write-back of provision) for inventory obsolescence	(1,876)	4,271
Foreign exchange differences, net	2,108	823
Other operating expenses/(income):		
Write-back of impairment of trade receivables	(261)	(1,896)
Loss/(gain) on disposal of items of property, plant and equipment	(47)	204
Fair value losses/(gains), net:		
Equity investments at fair value through profit or loss – held for trading	(228)	159
Changes in fair value of an investment property	(960)	650
	<u>(1,496)</u>	<u>(883)</u>

* 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 (2009: Nil).

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Group	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank loans wholly repayable within five years	<u>7</u>	<u>70</u>

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdiction in which the Group operates.

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Group:		
Current – Hong Kong		
Charge for the year	2,264	1,930
Overprovision in prior years	(370)	(481)
Current – Elsewhere	26	59
Deferred	(827)	(2,372)
	<hr/>	<hr/>
Total tax charge/(credit) for the year	<u>1,093</u>	<u>(864)</u>

8. DIVIDENDS

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Proposed final – HK3.0 cents (2009: HK3.0 cents) per ordinary share	<u>9,709</u>	<u>9,709</u>

The 2010 final dividend of HK3.0 cents per ordinary share has been proposed to be paid to shareholders whose names appear on the register of members on 27 August 2010 and is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent for the year of HK\$11,758,000 (2009: HK\$17,611,000) and 323,649,123 (2009: 323,649,123) shares in issue.

The Group had no potentially dilutive ordinary shares in issue during those years.

10. TRADE AND BILLS RECEIVABLES

The Group usually allows average credit periods ranging from 45 to 120 days (2009: 45 to 120 days) to its customers and seeks to maintain strict control over its outstanding receivables.

The following is an aged analysis of the trade and bills receivables (net of impairment of trade receivables) as at 31 March 2010 and 2009:

	Group	
	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Current to 90 days	105,063	119,021
91 to 180 days	1,416	1,990
181 to 360 days	459	138
Over 360 days	13	–
	<hr/>	<hr/>
	106,951	121,149
Bills receivable	<u>8,480</u>	<u>4,745</u>
Total	<u>115,431</u>	<u>125,894</u>

11. TRADE AND BILLS PAYABLES

The following is an aged analysis of the trade and bills payables as at 31 March 2010 and 2009:

	Group	
	2010	2009
	HK\$'000	HK\$'000
Current to 90 days	39,274	31,694
91 to 180 days	982	2,327
181 to 360 days	170	145
Over 360 days	792	598
	<hr/>	<hr/>
Total	41,218	34,764
	<hr/> <hr/>	<hr/> <hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The financial year which ended on 31 March 2010 was another challenging year for the Group. Sales of the Group have not been fully recovered, especially in its two largest geographical markets, Europe and North America, as economic recovery in these two markets is slow. For the year under review, sales from these two markets decreased by 14.81% and 24.44% respectively as compared to those of last year. Although the sales to the PRC increased by 13.99%, the total sales of the Group dropped by 15.87% to HK\$429,143,000 compared to HK\$510,083,000 last year.

During the year, operating environment was still difficult, especially in the PRC. The PRC labour cost increased consistently, while the Renminbi appreciated constantly over the financial year. Although demands for the Group's products from its customers increased in the second half of the financial year, in fulfilling this increase, the Group was facing the challenge of shortage of skilled labour, and as a result had to raise wages to compete for skilled labour, which pushed up further the PRC labour cost. While the Group is committed to various cost control methods, the gross profit margin for the year not only was maintained but slightly improved.

Profit attributable to equity holders of the parent for the year ended 31 March 2010 dropped by 33.23% to HK\$11,758,000 as compared to HK\$17,611,000 last year, which was mainly due to the significant decrease in the share of profit of associates, as a result of the reclassification of the Group's unlisted equity investment from an associate to available-for-sale financial assets on 1 January 2009.

PROSPECT

Looking forward, it is expected that the operating environment in the PRC will continue to be challenging. Although the global economy is recovering, the potential appreciation of Renminbi as well as the further increase of minimum wages in the PRC will affect the Group's business performance. Furthermore, the unstable recovery paces of various economies are going to add uncertainty to future business prospect of the Group.

To cope with these anticipated challenges and uncertainty, the Group will continue to control stringently its costs at all levels to ensure its profitability. Besides, the Group will explore the possibility of price increment to transfer a part of the increased costs to its customers. Furthermore, the Group will continue to streamline its production process to increase its productivity. The Group will also design and tailor make more machines through its machine making subsidiary to step up the selective automation process to tackle partly the pressure of labour shortage as well as to ensure product quality.

LIQUIDITY AND FINANCIAL RESOURCES

The Group continued to maintain a strong financial position with cash and bank balances of HK\$118,186,000 and a zero gearing ratio as at 31 March 2010. The Group's equity attributable to equity holders of the parent as at 31 March 2010 amounted to HK\$517,866,000 (31 March 2009: HK\$516,086,000).

FOREIGN CURRENCY RISK

The Group conducts its business transactions mainly in Hong Kong Dollar, Renminbi and U.S. dollars. As the Hong Kong Dollar is pegged to the U.S. Dollar, the Group does not foresee any material exchange risk in this respect. However, the Group is subject to certain foreign exchange impacts caused by the appreciation of Renminbi. The Group has not entered into any foreign exchange contract. The management closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

At 31 March 2010, the Group had capital commitments, which were contracted but not provided for, in respect of land and buildings and equipment and machinery of HK\$1,700,000 (31 March 2009: HK\$2,353,000). As at 31 March 2010, the Company had a contingent liability of HK\$142,900,000 (31 March 2009: HK\$107,900,000) in respect of guarantees given to banks in connection with facilities granted to its subsidiary.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2010, the Group employed 5,909 (31 March 2009: 4,621) full time employees in China and in Hong Kong. Salaries, bonuses and benefits are determined with reference to market terms and performance, qualifications and experience of the individual employee, and are subject to review from time to time.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of the Company's listed securities by the Company or by any of its subsidiaries during the year.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Board of Directors (the “Board”) is committed to maintain high standard of corporate governance practices and procedures in fulfilling its responsibilities. It is the belief of the Board that shareholders can maximise 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 Code on Corporate Governance Practices (the “Code”) in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited as its own code of corporate governance practices. The directors of the Company (the “Directors”) consider that the Company has complied with the Code throughout the year ended 31 March 2010, except for the following deviation:

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not have any officer with the title “chief executive officer”. Mr. Hui Leung Wah assumes the role of both Chairman and Managing Director of the Company and he is in charge of the overall management of the Company. The Company does not have a separate Chairman and Managing Director as Mr. Hui currently holds both positions. The Board believes that the combination of the roles of Chairman and Managing Director can promote the efficient formulation and implementation of the strategies of the Company, which will enable the Group to grasp business opportunities efficiently and promptly. The Board also believes that through the supervision of its Board and its Independent Non-Executive Directors, a balancing mechanism exists so that the interests of the shareholders are adequately and fairly represented.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (the “Model Code”)

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 in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, all of them have confirmed that they have complied with the required standard set out in the Model Code throughout the year.

AUDIT COMMITTEE

The accounting principles and practices adopted by the Group and the annual results for the year ended 31 March 2010 have been reviewed by the audit committee, which comprises Mr. Poon Kwok Fai, Ronald, Dr. Tam Hok Lam, Tommy and Mr. Wong Chung Mat, Ben, the independent non-executive directors of the Company.

DIVIDENDS

The Board has resolved to recommend the payment of a final dividend of HK3.0 cents per ordinary share (2009: HK3.0 cents) for the year ended 31 March 2010 at the forthcoming annual general meeting of the Company to be held on 27 August 2010. The final dividend, if approved by shareholders, is expected to be payable on or around 22 September 2010 to those shareholders whose names appear on the register of members of the Company on 27 August 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 23 August 2010 to Friday, 27 August 2010, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, and be eligible to attend and vote at the forthcoming annual general meeting of the Company, all transfers of shares, accompanied by the relevant share certificates, must be lodged for registration with the Company's share registrars in Hong Kong, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 20 August 2010.

APPRECIATION

I would like to take this opportunity to express my deepest gratitude to all of our staff and fellow Directors for their contributions, support and dedication. I would also like to thank our customers, shareholders, bankers, suppliers and other business partners for their continuous support.

On behalf of the Board
Elegance International Holdings Limited
Hui Leung Wah
Chairman

Hong Kong, 16 July 2010

As at the date of this announcement, the executive directors of the Company are Mr. Hui Leung Wah, Mr. Poon Sui Hong, and Mr. Leung Shu Sum, the non-executive directors are Ms. Barbara Lissi and Ms. Paola Marchisio and the independent non-executive directors are Mr. Poon Kwok Fai, Ronald, Dr. Tam Hok Lam, Tommy, PhD, JP and Mr. Wong Chung Mat, Ben, JP.