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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 2011

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 2011 together with the comparative figures for 2010 as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2011

	<i>Notes</i>	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
REVENUE	4	505,402	429,143
Cost of sales		(447,843)	(366,904)
Gross profit		57,559	62,239
Other income	4	2,826	2,502
Selling and distribution costs		(8,554)	(6,692)
Administrative expenses		(49,672)	(49,703)
Other operating income/(expenses), net		(463)	1,496
Finance costs	6	(3)	(7)
Share of profits and losses of:			
Jointly-controlled entities		588	492
An associate		(394)	34
PROFIT BEFORE TAX	5	1,887	10,361
Income tax expense	7	931	(1,093)
PROFIT FOR THE YEAR		<u>2,818</u>	<u>9,268</u>
Attributable to:			
Owners of the Company		2,653	11,758
Non-controlling interests		165	(2,490)
		<u>2,818</u>	<u>9,268</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic and diluted		<u>0.82 cent</u>	<u>3.63 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 2011

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
PROFIT FOR THE YEAR	<u>2,818</u>	<u>9,268</u>
OTHER COMPREHENSIVE INCOME		
Change in fair value of available-for-sale financial assets	–	(130)
Exchange differences on translation of foreign operations	<u>1,992</u>	<u>(32)</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>1,992</u>	<u>(162)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>4,810</u>	<u>9,106</u>
Attributable to:		
Owners of the Company	4,174	11,489
Non-controlling interests	<u>636</u>	<u>(2,383)</u>
	<u>4,810</u>	<u>9,106</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2011

		31 March 2011 <i>HK\$'000</i>	31 March 2010 <i>HK\$'000</i> (Restated)	1 April 2009 <i>HK\$'000</i> (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment		238,990	247,529	260,531
Investment property		5,300	3,760	2,800
Prepaid land lease payments		15,168	15,129	15,385
Investments in jointly-controlled entities		5,023	4,858	4,775
Investment in an associate		1,842	2,236	3,179
Available-for-sale financial assets		32,149	32,149	32,279
Deferred tax assets		179	497	807
Deposits paid for items of property, plant and equipment		64	652	2,227
Total non-current assets		298,715	306,810	321,983
CURRENT ASSETS				
Inventories		78,056	75,117	78,393
Trade and bills receivables	10	125,181	115,431	125,894
Prepayments, deposits and other receivables		3,354	9,772	12,472
Equity investments at fair value through profit or loss		52	37	835
Tax recoverable		1,737	57	1,068
Cash and cash equivalents		112,076	118,186	78,119
Total current assets		320,456	318,600	296,781
CURRENT LIABILITIES				
Trade and bills payables	11	44,601	41,218	34,764
Other payables and accruals		38,538	40,458	39,335
Tax payable		3,132	4,647	3,838
Total current liabilities		86,271	86,323	77,937
NET CURRENT ASSETS		234,185	232,277	218,844
TOTAL ASSETS LESS CURRENT LIABILITIES		532,900	539,087	540,827
NON-CURRENT LIABILITIES				
Deferred tax liabilities		3,125	4,413	5,550
Net assets		529,775	534,674	535,277
EQUITY				
Equity attributable to owners of the Company				
Issued capital		32,365	32,365	32,365
Reserves		470,257	475,792	474,012
Proposed final dividends	8	9,709	9,709	9,709
		512,331	517,866	516,086
Non-controlling interests		17,444	16,808	19,191
Total equity		529,775	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.

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.

HKFRS 1 (Revised)	<i>First-time Adoption of Hong Kong Financial Reporting Standards</i>
HKFRS 1 Amendments	<i>Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters</i>
HKFRS 2 Amendments	<i>Amendments to HKFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions</i>
HKFRS 3 (Revised)	<i>Business Combinations</i>
HKAS 27 (Revised)	<i>Consolidated and Separate Financial Statements</i>
HKAS 32 Amendment	<i>Amendment to HKAS 32 Financial Instruments: Presentation – Classification of Right Issues</i>
HKAS 39 Amendment	<i>Amendment to HKAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items</i>
HK(IFRIC)-Int 17	<i>Distributions of Non-cash Assets to Owners</i>
HKFRS 5 Amendments included in <i>Improvements to HKFRSs</i> issued in October 2008	<i>Amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary</i>
<i>Improvements to HKFRSs 2009</i>	Amendments to a number of HKFRSs issued in May 2009
HK Interpretation 4 Amendment	<i>Amendment to HK Interpretation 4 Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases</i>
HK Interpretation 5	<i>Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause</i>

Other than as further explained below regarding the impact of amendments to HKAS 17 included in *Improvements to HKFRSs 2009*, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

HKAS 17 Leases: Removes the specific guidance on classifying land as a lease. As a result, leases of land should be classified as either operating or finance leases in accordance with the general guidance in HKAS 17.

The Group has reassessed its leases in Hong Kong and Mainland China, previously classified as operating leases, upon the adoption of the amendments. The classification of leases in Mainland China remained as operating leases. As substantially all the risks and rewards associated with the leases in Hong Kong have been transferred to the Group, the leases in Hong Kong have been reclassified from operating leases under “prepaid land lease payments” to finance leases under “property, plant and equipment”. The corresponding amortisation has also been reclassified to depreciation. The effects of the above changes are summarised below:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
<i>Consolidated income statement for the year ended 31 March</i>		
Increase in depreciation of property, plant and equipment	829	829
Decrease in amortisation of prepaid land lease payments	(829)	(829)
	<u>—</u>	<u>—</u>

Consolidated statement of financial position at 31 March

Increase in property, plant and equipment	29,237	30,065
Decrease in prepaid land lease payments	(28,408)	(29,236)
Decrease in prepayments, deposits and other receivables	(829)	(829)
	<u>—</u>	<u>—</u>

Consolidated statement of financial position at 1 April 2009

Increase in property, plant and equipment		30,895
Decrease in prepaid land lease payments		(30,066)
Decrease in prepayments, deposits and other receivables		(829)
		<u>—</u>

Due to the retrospective application of the amendments which has resulted in the restatement of items in the statement of financial position, a statement of financial position as at 1 April 2009, and the related notes affected by the amendments have been presented in these financial statements.

The Group has not early applied the new and revised HKFRSs that have been issued but are not yet effective.

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*

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Europe	288,717	253,104
North America	157,591	126,869
People's Republic of China (the "PRC") (including Hong Kong)	46,172	34,382
Other Asian countries	10,313	9,893
Others	2,609	4,895
	<u>505,402</u>	<u>429,143</u>

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\$157,448,000 (2010: HK\$158,361,000) 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 net invoiced value of goods sold to third parties, after allowances for returns and trade discounts.

An analysis of revenue and other income is as follows:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Revenue		
Sale of goods	<u>505,402</u>	<u>429,143</u>
Other income		
Sale of scrap materials	572	581
Bank interest income	531	409
Gross rental income	787	248
Dividend income from equity investments at fair value through profit or loss	3	28
Others	<u>933</u>	<u>1,236</u>
	<u>2,826</u>	<u>2,502</u>

5. PROFIT BEFORE TAX

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

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i> (Restated)
Cost of inventories sold	444,947	368,780
Depreciation	30,093	33,745
Amortisation of prepaid land lease payments	370	366
Auditors' remuneration	840	900
Minimum lease payments under operating leases in respect of land and buildings	3,250	2,611
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	191,732	148,571
Pension scheme contributions*	877	866
	<u>192,609</u>	<u>149,437</u>
Gross rental income	(787)	(248)
Provision/(write-back of provision) for inventory obsolescence	2,896	(1,876)
Foreign exchange differences, net	214	2,108
Other operating expenses/(income):		
Write-back of impairment of trade receivables	(84)	(261)
Loss/(gain) on disposal of items of property, plant and equipment	2,102	(47)
Fair value gains, net:		
Equity investments at fair value through profit or loss – held for trading	(15)	(228)
Changes in fair value of an investment property	(1,540)	(960)
	<u>463</u>	<u>(1,496)</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 (2010: Nil).

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Interest on bank loans wholly repayable within five years	<u>3</u>	<u>7</u>

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 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.

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Group:		
Current – Hong Kong		
Charge for the year	563	2,264
Overprovision in prior years	(530)	(370)
Current – Elsewhere	6	26
Deferred	(970)	(827)
	<u> </u>	<u> </u>
Total tax charge/(credit) for the year	<u><u>(931)</u></u>	<u><u>1,093</u></u>

8. DIVIDENDS

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Proposed final – HK3 cents (2010: HK3 cents) per ordinary share	<u><u>9,709</u></u>	<u><u>9,709</u></u>

The 2011 final dividend of HK3 cents per ordinary share has been proposed to be paid to shareholders whose names appear on the register of members on 1 September 2011 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 COMPANY

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the Company for the year of HK\$2,653,000 (2010: HK\$11,758,000) and 323,649,123 (2010: 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 (2010: 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 2011 and 2010:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Current to 90 days	112,624	105,063
91 to 180 days	145	1,416
181 to 360 days	–	459
Over 360 days	32	13
	<u> </u>	<u> </u>
	112,801	106,951
Bills receivable	<u>12,380</u>	<u>8,480</u>
Total	<u><u>125,181</u></u>	<u><u>115,431</u></u>

11. TRADE AND BILLS PAYABLES

The following is an aged analysis of the trade and bills payables as at 31 March 2011 and 2010:

	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current to 90 days	41,143	39,274
91 to 180 days	1,792	982
181 to 360 days	771	170
Over 360 days	895	792
	<hr/>	<hr/>
Total	44,601	41,218
	<hr/> <hr/>	<hr/> <hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 March 2011, sales of the Group increased by 17.77% to HK\$505,402,000 as compared with HK\$429,143,000 in the last financial year. Sales to the Group's two largest geographical markets, Europe and North America, increased by 14.07% and 24.22% respectively as compared with those of last year, whereas sales to the PRC increased by 34.29%.

Despite the increase in sales, the financial year under review was a very difficult year for the Group. The Group's production costs soared as a result of the significant increase in labour costs due to the further increase of minimum wage in the PRC, the high inflation rate and the continued appreciation of Renminbi. In order to sustain its competitive advantage in the market, the Group chose not to pass all of the increased costs to its customers through price increase.

Hence, the gross profit margin of the Group decreased by 3.11% to 11.39% as compared to 14.50% last year. Profit attributable to owners of the Company for the year ended 31 March 2011 dropped by 77.44% from HK\$11,758,000 last year to HK\$2,653,000 this year.

PROSPECT

With the high inflation rate in the PRC, a further 20% rise of minimum wages and the new requirement of housing fund for PRC workers to be effective in the coming financial year, it is expected that the production costs of the Group in the PRC will be pushed up further, and the operating environment will become severe. The gradual appreciation of Renminbi will also put more pressure on the Group's operating costs. Globally, there is still uncertainty as to the European sovereign debt crisis and the pace of U.S. economic recovery, both of which work together to cloud the worldwide economic prospects and hence the market demand of the Group's products.

To tackle these anticipated challenges and uncertainty, the Group will continue to implement stringent control on its costs across all levels, as well as efficiency improvement measures to ensure its competitiveness. Furthermore, the Group will review its existing marketing strategies to focus more on the high margin products and customers.

LIQUIDITY AND FINANCIAL RESOURCES

The Group continued to maintain a strong financial position with cash and bank balances of HK\$112,076,000 and a zero gearing ratio as at 31 March 2011. The Group's equity attributable to owners of the Company as at 31 March 2011 amounted to HK\$512,331,000 (31 March 2010: HK\$517,866,000).

FOREIGN CURRENCY RISK

The Group conducts its business transactions mainly in Hong Kong Dollar, Renminbi and U.S. Dollar. 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 2011, the Group had capital commitments, which were contracted but not provided for, in respect of equipment and machinery of HK\$132,000 (31 March 2010: HK\$1,700,000). As at 31 March 2011, the Company had a contingent liability of HK\$151,400,000 (31 March 2010: HK\$142,900,000) in respect of guarantees given to banks in connection with facilities granted to certain of its subsidiaries.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2011, the Group employed 5,159 (31 March 2010: 5,909) full time employees in Mainland 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 applying 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 2011, 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 assumption of the roles of Chairman and Managing Director can, as far as the Group is concerned, 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, the Company has received confirmations from all of them 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 2011 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 cents per ordinary share (2010: HK3 cents) for the year ended 31 March 2011 at the forthcoming annual general meeting of the Company to be held on 26 August 2011. If the declaration of the final dividend is approved by shareholders, it is expected to be payable on 23 September 2011 to those shareholders whose names appear on the register of members of the Company on 1 September 2011.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on Friday, 26 August 2011 (being the date of the annual general meeting of the Company) and on Thursday, 1 September 2011 (being the record date set for the proposed final dividend if declaration of which is approved at the annual general meeting) for facilitating the processing of proxy voting on the annual general meeting and determination of entitlements of the shareholders of the Company to the proposed final dividend, respectively. During such time periods, the registration of transfers of shares will be suspended.

All transfers of shares, accompanied by the relevant share certificates, must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (a) not later than 4:30 p.m. on Thursday, 25 August 2011 in order to be eligible to attend and vote at the forthcoming annual general meeting of the Company; and (b) not later than 4:30 p.m. on Wednesday, 31 August 2011 in order to qualify for the proposed final dividend. The record date set for entitlement of final dividend is 1 September 2011. Payment of the final dividend is scheduled for 23 September 2011 subject to its declaration being approved at the annual general meeting.

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, 28 June 2011

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.