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ELEGANCE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 907)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

INTERIM RESULTS

The Board of Directors of Elegance International Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2010 together with the comparative figures for the corresponding period in last year.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 September	
		2010	2009
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	3	**268,147**	208,775
Cost of sales		**(225,859)**	(171,852)
Gross profit		**42,288**	36,923
Other income	3	**1,214**	1,305
Selling and distribution costs		**(3,715)**	(2,751)
Administrative expenses		**(24,182)**	(26,063)
Other operating expenses, net		**(99)**	(15)
Share of profits and losses of:			
Jointly-controlled entities		**(2)**	226
An associate		**56**	134
PROFIT BEFORE TAX	4	**15,560**	9,759
Income tax expense	5	**(1,302)**	(605)
PROFIT FOR THE PERIOD		**14,258**	9,154
Attributable to:			
Equity holders of the parent		**13,555**	9,784
Non-controlling interests		**703**	(630)
		14,258	9,154
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	6		
Basic and diluted		**HK4.19 cents**	HK3.02 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**14,258**	9,154
OTHER COMPREHENSIVE INCOME/(LOSS)		
Exchange differences on translation of foreign operations	**886**	(88)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**15,144**	9,066
Attributable to:		
Equity holders of the parent	**14,216**	9,597
Non-controlling interests	**928**	(531)
	15,144	9,066

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 September 2010 (Unaudited) HK$'000	31 March 2010 (Audited) HK$'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**242,600**	247,529
Investment property		**3,760**	3,760
Prepaid land lease payments		**15,130**	15,129
Interests in jointly-controlled entities		**4,466**	4,858
Interests in an associate		**2,292**	2,236
Available-for-sale financial assets		**32,149**	32,149
Deferred tax assets		**497**	497
Deposits paid for items of property, plant and equipment		**329**	652
Total non-current assets		**301,223**	306,810
CURRENT ASSETS			
Inventories		**88,250**	75,117
Trade and bills receivables	8	**149,570**	115,431
Prepayments, deposits and other receivables		**3,252**	9,772
Equity investments at fair value through profit or loss		**45**	37
Tax recoverable		**57**	57
Cash and cash equivalents		**107,372**	118,186
Total current assets		**348,546**	318,600
CURRENT LIABILITIES			
Trade and bills payables	9	**59,755**	41,218
Other payables and accruals		**39,808**	40,458
Tax payable		**6,499**	4,647
Total current liabilities		**106,062**	86,323
NET CURRENT ASSETS		**242,484**	232,277
TOTAL ASSETS LESS CURRENT LIABILITIES		**543,707**	539,087
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**3,598**	4,413
Net assets		**540,109**	534,674
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital		**32,365**	32,365
Reserves		**490,008**	475,792
Proposed dividend		**–**	9,709
		522,373	517,866
Non-controlling interests		**17,736**	16,808
Total equity		**540,109**	534,674

NOTES

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim condensed consolidated financial statements for the six months ended 30 September 2010 are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "SEHK"). The accounting policies and the basis of preparation adopted in the preparation of the interim financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 March 2010, except as described below. In the current period, the Group has applied, for the first time, the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which included all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA which are first effective for the current accounting period of the Group.

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*
Amendments to HKFRS 5 included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary*
HK Interpretation 4 (Revised in December 2009)	*Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
Improvements to HKFRSs (May 2009)	Amendments to a number of HKFRSs*

* Improvements to HKFRSs (May 2009) contain amendments to HKFRS 2, HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 36, HKAS 38, HKAS 39, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16.

The adoption of the new and revised standards, amendments and interpretations, except for amendment to HKAS 17 as described below, has had no material effect on the reported results and financial position of the Group for the current or prior accounting periods.

The Improvements to HKFRSs 2009 consist of amendments to existing standards, including an amendment to HKAS 17. The amendment to HKAS 17 requires the land element of a property lease to be classified as a finance lease rather than an operating lease if it transfers substantially all the risks and rewards of ownership. Before the amendment, HKAS 17 stated that the land element of a property lease would normally be classified as an operating lease unless the title to the land was expected to pass to the lessee at the end of the lease term. On adoption of the amendment, the Group has assessed its leases in Hong Kong and Mainland China and has reclassified the land element of its leases in Hong Kong from operating leases to finance leases. In addition, the amortisation of the prepaid land lease payments has been reclassified to depreciation.

The effect of the adoption of the amendment on the interim condensed consolidated statement of financial position at 1 April 2010 is to increase property, plant and equipment by HK$30,065,000 with a corresponding reduction in prepaid land lease payments. The depreciation charge for the six months ended 30 September 2010 has increased by HK$414,000 with a corresponding reduction in the amortisation charge. As the adoption of the amendment applies retrospectively, it has also resulted in an increase in the depreciation charge for the six months ended 30 September 2009 of HK$414,000 and a corresponding reduction in the amortisation charge for that period. The interim condensed consolidated statement of financial position at 31 March 2010 has been restated to reflect the reclassification.

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

2. 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

	For the six months ended 30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Europe	**149,556**	121,636
North America	**93,381**	63,687
The People's Republic of China (the "PRC") (including Hong Kong)	**18,317**	14,325
Other Asian countries	**5,741**	4,041
Others	**1,152**	5,086
	268,147	208,775

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$92,187,000 (2009: HK$73,410,000) was derived from a single customer, including sales to a group of entities which are known to be under common control with that customer.

3. 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:

	For the six months ended 30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue – sales of goods	**268,147**	208,775
Sale of scrap materials	**361**	502
Bank interest income	**125**	238
Gross rental income	**412**	56
Dividend income from equity investments at fair value through profit or loss	**2**	28
Others	**314**	481
Other income	**1,214**	1,305

4. PROFIT BEFORE TAX

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

	For the six months ended 30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
		(Restated)
Cost of inventories sold	**224,506**	174,087
Depreciation	**16,043**	16,880
Amortisation of prepaid land lease payments	**184**	183
Minimum lease payments under operating leases in respect of buildings	**1,159**	1,061
Employee benefits expenses (including directors' remunerations):		
Wages and salaries	**98,600**	70,134
Pension scheme contributions	**448**	455
	99,048	70,589
Gain on disposal of items of property, plant and equipment	**(289)**	(67)
Provision for impairment of trade receivables	**396**	192
Provision/(write-back of provision) for inventory obsolescence	**1,353**	(2,235)
Foreign exchange differences, net	**(385)**	2,182

5. INCOME TAX EXPENSE

	For the six months ended 30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the period	**2,107**	1,326
Overprovision in prior periods	**–**	(370)
Current – Elsewhere	**10**	–
Deferred	**(815)**	(351)
Total tax charge for the period	**1,302**	605

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

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

The calculation of basic earnings per share is based on the profit for the period attributable to ordinary equity holders of the parent of HK$13,555,000 (2009: HK$9,784,000) and 323,649,123 (2009: 323,649,123) shares in issue during the period.

A diluted earnings per share has not been calculated for the current and prior periods as no diluting events existed throughout the periods.

7. INTERIM DIVIDEND

The directors do not recommend the payment of any interim dividend for the six months ended 30 September 2010 (2009: Nil).

8. TRADE AND BILLS RECEIVABLES

Credit is offered to customers following a financial assessment by the Group with regard to their established payment records. 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. Overdue balances are regularly reviewed by senior management and collections are followed up by accounting personnel. Trade and bills receivables are non-interest bearing.

The following is an aged analysis of trade and bills receivables (net of impairment of trade receivables) as at 30 September 2010 and 31 March 2010:

	30 September 2010 (Unaudited) ***HK$'000***	31 March 2010 (Audited) *HK$'000*
Current to 90 days	**135,360**	105,063
91 – 180 days	**1,561**	1,416
181 – 360 days	**826**	459
Over 360 days	**–**	13
	137,747	106,951
Bills receivables	**11,823**	8,480
Total	**149,570**	115,431

9. TRADE AND BILLS PAYABLES

The following is an aged analysis of the trade and bills payables as at 30 September 2010 and 31 March 2010:

	30 September 2010 (Unaudited) ***HK$'000***	31 March 2010 (Audited) *HK$'000*
Current to 90 days	**57,599**	39,274
91 – 180 days	**1,191**	982
181 – 360 days	**223**	170
Over 360 days	**742**	792
Total	**59,755**	41,218

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

As a result of the global economic recovery, the Group's turnover increased by 28.44% from HK$208,775,000 in the same period last year to HK$268,147,000 for the six months ended 30 September 2010. Sales to the Group's two largest markets, Europe and North America, increased by 22.95% and 46.62% respectively, whereas the sales to the PRC including Hong Kong also increased by 27.87% as compared to that of the corresponding period in 2009.

The operating environment in the PRC remains challenging. In July this year, the minimum wages in the Group's main PRC production area, Shenzhen, increased by 22%. Although most of the Group's PRC workers are being paid more than minimum wages, wages to existing workers have to be increased in order to retain skilled labour, and therefore, the PRC labour costs as well as related worker welfare expenses further increased during the period under review. Equally disturbing were the inflation in the PRC as well as the appreciation of Renminbi. Both of them went up handsomely and worked together to adversely affect the Group's production cost. As a result, the Group's gross profit margin for the period under review decreased from 17.69% to 15.77%.

With the increase in turnover, the effect of economy of scales mitigated part of the cost pressure resulted from the challenges faced by the Group as mentioned above. Profit for the six months ended 30 September 2010 attributable to equity holders of the parent amounted to HK$13,555,000 (2009:HK$9,784,000), representing an increase of 38.54% over that of the corresponding period in last year.

PROSPECTS

The board of directors (the "Board") of the Company believed that the operating environment in the PRC will remain challenging in the remaining period of the year ending 31 March 2011. On the one hand, inflation in the PRC is expected to rise, which will push up the raw material prices as well as the Group's production cost. Added to this, the Renminbi is also expected to appreciate gradually in response to the market need. Hence, the Group's profitability will be affected negatively by these two factors.

Globally, there is still an uncertainty on the effect of the second round of quantitative easing recently announced by the US Federal Reserve which in turn may not be able to bring in enough new impetus to keep the market momentum for a healthy economic growth. Given that is the case, the market prospect is still clouded.

To tackle these anticipated challenges and uncertainty, the Group will actively seek more orders from its existing customers and explore new market segments to widen its customer base. Besides, the Group will continue to control its operating as well as administrative cost to ensure its profitability. Furthermore, the Group will continue to streamline its production process to strengthen its efficiency and competitiveness.

LIQUIDITY AND FINANCIAL RESOURCES

The Group continued to maintain a strong financial position with cash and bank balances of HK$107,372,000 (31 March 2010: HK$118,186,000) and had a zero gearing ratio as at 30 September 2010. The Group's equity attributable to equity holders of the parent as at 30 September 2010 amounted to HK$522,373,000 (31 March 2010: HK$517,866,000).

FOREIGN CURRENCY RISK

The Group conducts its business transactions mainly in Hong Kong dollars, Renminbi and the United States dollars. As Hong Kong dollars is pegged to the United States dollars, 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.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2010, the Group employed 5,459 (30 September 2009: 4,774) full time employees in the PRC and in Hong Kong. Salaries, bonuses and benefits are determined with reference to market terms and the 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 six months ended 30 September 2010.

CORPORATE GOVERNANCE

During the six months ended 30 September 2010, the Group has adopted and met the Code Provisions as set out in the Code on Corporate Governance Practices in Appendix 14 of the Listing Rules, 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 exist so that the interests of the shareholders are adequately and fairly represented.

The Company has set up a remuneration committee in June 2005 to review and determine the remuneration packages of the directors of the Company, and to make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration. The Remuneration Committee comprises three Independent Non-Executive Directors.

The Company has also set up a nomination committee in June 2005 to review the structure and composition of the Board on a regular basis. The committee assists the Board to fulfill its supervisory role over the Group in nominating new directors to the Board and assessing the performance and skills of Directors.

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

The Company has adopted the code of conducts regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code in Appendix 10 to 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 period.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing oversight of the Group's financial reporting process and internal controls. The unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 September 2010 have been reviewed by the Company's audit committee. The audit committee comprises Mr. Poon Kwok Fai, Ronald, Dr. Tam Hok Lam, Tommy, PhD, JP and Mr. Wong Chung Mat, Ben, JP, the Independent Non-Executive Directors of the Company.

REVIEW OF INTERIM RESULTS

The interim unaudited consolidated financial information for the six months ended 30 September 2010 have been reviewed by the audit committee, and the Company's external auditors in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

APPRECIATION

The Board would like to take this opportunity to express its deepest gratitude to all of the staff for their contributions, support and dedication. The Board would also like to thank our customers, shareholders, bankers, suppliers and other business partners for their continuing support.

By order of the Board
Elegance International Holdings Limited
Hui Leung Wah
Chairman

Hong Kong, 29 November 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.