ELEGANCE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 907)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

FINANCIAL RESULTS

The Board of Directors of Elegance International Holdings Limited (the “Company” or “Elegance”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2007. The interim results have not been audited, but have been reviewed by the Company’s audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 September	
		2007	2006
		(Unaudited)	(Unaudited)
	Notes	***HK$’000***	*HK$’000*
REVENUE	*2,3*	**301,547**	286,318
Cost of sales		**(236,041)**	(218,488)
Gross profit		**65,506**	67,830
Other income and gain	*3*	**3,084**	1,245
Selling and distribution costs		**(5,050)**	(6,004)
General and administrative expenses		**(25,079)**	(30,422)
Other operating income		**–**	5,687
Finance costs	*5*	**(1,376)**	(1,731)
Share of profits of associates		**3,237**	285
PROFIT BEFORE TAX	*4*	**40,322**	36,890
Tax	*6*	**(4,166)**	(4,461)
PROFIT FOR THE PERIOD		**36,156**	32,429
Attributable to:			
Equity holders of the parent		**34,911**	33,522
Minority interests		**1,245**	(1,093)
		36,156	32,429
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*7*		
Basic		**HK10.8 cents**	HK10.4 cents
Diluted		**N/A**	N/A
INTERIM DIVIDEND PER SHARE	*8*	**HK3.0 cents**	HK3.0 cents

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	30 September 2007 (Unaudited) HK$'000	31 March 2007 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**226,717**	232,848
Investment properties		**3,129**	3,129
Prepaid land lease payments		**45,572**	45,974
Interests in associates		**12,150**	8,913
Available-for-sale financial assets		**60,647**	81,638
Total non-current assets		**348,215**	372,502
CURRENT ASSETS			
Inventories		**91,992**	86,616
Trade and bills receivables	*9*	**160,355**	160,058
Prepayments, deposits and other receivables		**6,078**	5,627
Equity investments at fair value through profit or loss		**498**	451
Tax recoverable		**16**	15
Available-for-sale financial assets		**23,075**	7,699
Due from an associate		**9,956**	7,722
Cash and cash equivalents		**57,091**	39,087
Total current assets		**349,061**	307,275
CURRENT LIABILITIES			
Trade and bills payables	*10*	**67,873**	56,003
Other payables and accrued liabilities		**33,021**	27,516
Tax payable		**8,869**	9,370
Interest-bearing bank and other borrowings		**42,988**	59,767
Due to an associate		**4,600**	4,600
Total current liabilities		**157,351**	157,256
NET CURRENT ASSETS		**191,710**	150,019
TOTAL ASSETS LESS CURRENT LIABILITIES		**539,925**	522,521
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**2,500**	5,000
Deferred tax liabilities		**7,985**	7,985
Total non-current liabilities		**10,485**	12,985
Net assets		**529,440**	509,536
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital		**32,365**	32,365
Reserves		**468,439**	440,030
Proposed dividend		**9,709**	19,419
		510,513	491,814
Minority interests		**18,927**	17,722
Total equity		**529,440**	509,536

NOTES

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION

The condensed consolidated interim financial statements for the six months ended 30 September 2007 are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting". The accounting policies and the basis of preparation adopted in the preparation of the Interim Financial Statements are the same as those used in the preparation of the Group's annual financial statements for the year ended 31 March 2007, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), which also include HKASs and Interpretations that affect the Group and are adopted for the first time for the current period's financial statements:

HKAS 1 Amendment	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions

The adoption of the above new and revised HKFRSs has had no material impact on the accounting policies of the Group and the method of computation in the Group's Interim Financial Statements.

2. SEGMENT INFORMATION

No business segment information is presented as the Group is principally engaged in the manufacture and trading of eyewear products and management considers that the Group operates in one single business segment.

An analysis of the Group's revenue and profit by geographical segments for the six months ended 30 September 2007 and 2006 is as follows:

	For the six months ended 30 September			
	2007		2006	
	Revenue (Unaudited) *HK$'000*	**Profit for the period (Unaudited)** *HK$'000*	Revenue (Unaudited) *HK$'000*	Profit for the period (Unaudited) *HK$'000*
By geographical area:				
Europe	**195,537**	**25,270**	173,447	23,930
North America	**85,589**	**11,061**	85,931	11,856
The People's Republic of China (including Hong Kong)*	**11,854**	**1,532**	15,972	2,204
Other Asian countries	**4,840**	**625**	6,754	932
Others	**3,727**	**482**	4,214	581
	301,547	**38,970**	286,318	39,503
Interest income		**482**		228
Unallocated corporate expenses		**(991)**		(1,395)
Finance costs		**(1,376)**		(1,731)
Share of profits of associates		**3,237**		285
Tax		**(4,166)**		(4,461)
Profit for the period		**36,156**		32,429

* *Sales were primarily made to agents in Hong Kong, but were also made to local retailers. The directors believed that the agents exported most of the Group's products to Europe and North America.*

3. REVENUE, OTHER INCOME AND GAIN

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

An analysis of revenue, other income and gain is as follows:

	For the six months ended 30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue – net sales of goods	**301,547**	286,318
Sale of scrap materials	**2,395**	655
Bank interest income	**482**	228
Others	**207**	362
Other income and gain	**3,084**	1,245

4. PROFIT BEFORE TAX

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

	For the six months ended 30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cost of inventories sold	**236,041**	218,643
Depreciation	**17,743**	16,322
Amortisation of prepaid land lease payments	**582**	481
Minimum lease payments under operating leases in respect of buildings	**1,265**	1,519
Employee benefits expenses (including directors' remunerations):		
Wages and salaries	**67,415**	58,946
Pension scheme contributions	**533**	562
	67,948	59,508
Loss/(gain) on disposal of items of property, plant and equipment	**(129)**	36
Write-back of impairment of trade receivables	**(127)**	(1,550)
Write-back of provision for inventory obsolescence	**–**	(155)

5. FINANCE COSTS

	For the six months ended 30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank loans wholly repayable within five years	**1,372**	1,706
Interest on finance leases	**4**	25
	1,376	1,731

6. TAX

	For the six months ended 30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current:		
Hong Kong	**3,273**	3,761
Elsewhere	**893**	–
Deferred tax	**–**	700
Total tax charge for the period	**4,166**	4,461

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) 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 country in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

No recognition of the potential deferred tax assets relating to tax losses of certain subsidiaries has been made as the recoverability of the potential deferred tax assets is uncertain.

7. 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$34,911,000 (2006: HK$33,522,000) and 323,649,123 (2006: 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.

8. INTERIM DIVIDEND

At a meeting of board of directors held on 17 December 2007, the directors resolved to pay an interim dividend of HK3.0 cents (2006: HK3.0 cents) per share, totalling HK$9,709,000 (2006: HK$9,709,000), to shareholders whose name appear on the Register of Members of the Company on 18 January 2008. The interim dividend will be paid on 31 January 2008.

9. TRADE AND BILLS RECEIVABLES

Credit is offered to customers following a financial assessment by the Group and with regard to their established payment records. The Group usually allows average credit periods ranging from 45 to 120 days (2006: 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 2007 and 31 March 2007:

	30 September 2007 (Unaudited) ***HK$'000***	31 March 2007 (Audited) *HK$'000*
Current to 90 days	**153,166**	158,153
91 – 180 days	**81**	677
181 – 360 days	**–**	543
	153,247	159,373
Bills receivables	**7,108**	685
Total	**160,355**	160,058

10. TRADE AND BILLS PAYABLES

The following is an aged analysis of trade and bills payables as at 30 September 2007 and 31 March 2007:

	30 September 2007 (Unaudited) ***HK$'000***	31 March 2007 (Audited) *HK$'000*
Current to 90 days	**55,629**	55,562
91 – 180 days	**10,677**	145
181 – 360 days	**1,078**	160
Over 360 days	**489**	136
Total	**67,873**	56,003

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the six months ended 30 September 2007, the Group's sales increased by 5% to HK$301,547,000 compared to HK$286,318,000 for the corresponding period in 2006. However, the gross profit margin decreased from 24% to 22%, due to the increase in the cost of raw materials, the continuous appreciation of Renminbi, and the burgeoning labor and overhead costs in the People's Republic of China ("PRC"). We can only pass on part of the inflated costs to our customers as we have to keep the prices attractive to maintain competitiveness of our products in the market. Yet the Group managed to maintain the net profit margin at approximately the same level as in the last period by implementing stringent control on selling, administrative and finance costs. Increased profit sharing from the associates during the period under review also helps.

In terms of geographical markets, Europe was still the largest market of the Group, accounting for 65% (2006: 61%) of the total revenue of the Group during the period under review. With a continual strengthening of marketing channels in this market, the sales in the European market is expected to stay at the high level in the coming year. U.S. market now ranks second, accounting for 28% (2006: 30%) of the total revenue of the Group and will remain to be an important market though the market is extremely price conscious.

The sales of the Group derived principally from manufacturing activities.

Prospect

Whilst focusing on the market developments in Europe and North America, the Group has actively explored other market segments such as the Japanese and PRC markets to widen our customer base. To achieve that, the Group will keep on looking for opportunities in the PRC to increase our sales in that area. Sales to the Japanese market are expected to increase in the coming year with the effort made by the Group in this market.

The market ahead is not without uncertainty as highlighted by the subprime mortgage crisis in the U.S., the depreciation of U.S. currency against other major foreign currencies and the likelihood of an economic slow down which may then affect major economies around the world. Being living in the global village, the sales of the group may also be affected if the most important economies of the world slow down or recede.

The production habitat in the PRC is getting tougher than before as prices of all segments there increase rapidly and substantially. Rapid economic development in the PRC is causing a drain of workers from the manufacturing sector. The group will improve on the innovation and the management of our resources to make ourselves more efficient and competitive. The management is confident that a greater and more appropriate use of technology in our production environment is a means to achieve the objectives.

Barring adverse development in the economies of the major markets we are in, the group is cautiously optimistic about the growth in sales and profitability in the coming period.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated working capital and external banking facilities granted by its bankers. As at 30 September 2007, the Group's outstanding borrowing in respect of bank loans amounted to HK$45,488,000 (31 March 2007: HK$64,767,000) of which HK$42,988,000 was repayable within one year and HK$2,500,000 was payable in the second year. Total cash and bank balances of the Group as at 30 September 2007 increased to HK$57,091,000 (31 March 2007: HK$39,087,000), which were mainly denominated in Hong Kong dollars, U.S. dollars and Renminbi. The Group's gearing ratio, calculated on the basis of total bank borrowings as a percentage of equity attributable to equity holders of the parent, improved to 9% (31 March 2007: 13%).

The Group conducts its business transactions mainly in Hong Kong dollars, 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. 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. However, the management closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

THE PLEDGE OF ASSETS

The Group's building situated in Hong Kong with an aggregate net book value of HK$3,680,000 (31 March 2007: HK$3,731,000), the investment property situated in Hong Kong with an aggregate valuation of HK$2,350,000 (31 March 2007: HK$2,350,000) and leasehold land situated in Hong Kong with an aggregate net prepaid land lease payments of HK$10,970,000 (31 March 2007: HK$11,125,000) were pledged to secure certain general banking facilities granted to the Group at the balance sheet date. The banking facilities were also secured by corporate guarantees in the amount of HK$189,300,000 (31 March 2007: HK$162,600,000) from the Company.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2007, the Group employed approximately 6,187 (31 March 2007: 6,666) full time employees in China and in Hong Kong. The decrease of total headcount during the period was due to the fact that more machines were put into use in the manufacturing process and shortage in the supply of labour forces in Shenzhen and Dongguan where the Group operates. 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 period.

CORPORATE GOVERNANCE

The Company has complied with the code provisions of the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "SEHK") throughout the six months ended 30 September 2007, except 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 chief executive officer can promote the efficient formulation and implementation of the strategies of the Company, which will enable the Group to rasp business opportunities efficiently and promptly. The Board also maintains 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 responsible for formulating and making recommendation to the Board on the Group's policy and structure for all the remunerations of the Directors and senior management and on the establishment of formal procedures for developing policy on such remuneration.

The Company has also set up a nomination committee in June 2005. The committee is responsible for nominating and affirming potential directors approved by the Board, reviewing the structure and composition of the Board on a regular basis and ensuring fair and transparent procedures for the appointment of Directors to the Board.

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

The Company had adopted the Model Code set out in Appendix 10 of the Listing Rules as its code of conduct regarding Director's securities transactions. Upon specific enquiry of the Company, all of the Directors have confirmed that they have complied with the Model Code throughout the six months ended 30 September 2007.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2007 have been reviewed by the Company's audit committee. The audit committee comprises Poon Kwok Fai, Ronald, Tam Hok Lam, Tommy and Wong Chung Mat, Ben, the Independent Non-executive Directors of the Company.

CLOSURE OF THE REGISTER

The Register of Members will be closed from Monday, 14 January 2008 to Friday, 18 January 2008 both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Registrars in Hong Kong, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Friday, 11 January 2008.

PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the SEHK (www.hkex.com.hk) and the Company (www.elegance-group.com). The interim report for the six months ended 30 September 2007 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to shareholders and published on the aforementioned websites in due course.

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.

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

Hong Kong, 17 December 2007

As at the date of this announcement, the Executive Directors are Hui Leung Wah, Poon Sui Hong, and Leung Shu Sum, the Non-executive Directors are Mario Pietribiasi and Massimiliano Tabacchi and the Independent Non-executive Directors are Poon Kwok Fai, Ronald, Tam Hok Lam, Tommy and Wong Chung Mat, Ben.