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 2009

FINANCIAL HIGHLIGHTS

Revenue:	HK$510,083,000
Profit Attributable to Shareholders:	HK$17,611,000
Earnings per Share:	HK5.44 cents
Proposed Final Dividend per Share:	HK3.0 cents
Total Shareholders' Funds:	HK$516,086,000

FINANCIAL RESULTS

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 2009 together with the comparative figures for 2008 as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
REVENUE	4	**510,083**	551,783
Cost of sales		**(438,793)**	(457,046)
Gross profit		**71,290**	94,737
Other income and gain	4	**3,366**	11,159
Selling and distribution costs		**(10,234)**	(11,463)
General and administrative expenses		**(56,170)**	(54,461)
Other operating income, net		**883**	7,565
Finance costs	6	**(70)**	(1,797)
Share of profits and losses of:			
Jointly-controlled entities		**(115)**	452
Associates		**6,342**	10,242
PROFIT BEFORE TAX	5	**15,292**	56,434
Tax	7	**864**	(5,065)
PROFIT FOR THE YEAR		**16,156**	51,369
Attributable to:			
Equity holders of the parent		**17,611**	48,001
Minority interests		**(1,455)**	3,368
		16,156	51,369
DIVIDENDS	8		
Interim		**–**	9,709
Proposed final		**9,709**	19,419
		9,709	29,128
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic		**5.44 cents**	14.83 cents
Diluted		**N/A**	N/A

CONSOLIDATED BALANCE SHEET
31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**229,636**	229,560
Investment properties		**2,800**	4,416
Prepaid land lease payments		**45,451**	46,553
Interests in jointly-controlled entities		**4,775**	3,827
Interests in associates		**3,179**	19,155
Available-for-sale financial assets		**32,279**	650
Deferred tax assets		**807**	–
Deposits paid for items of property, plant and equipment		**2,227**	3,048
Total non-current assets		**321,154**	307,209
CURRENT ASSETS			
Inventories		**78,393**	90,286
Trade and bills receivables	*10*	**125,894**	137,468
Prepayments, deposits and other receivables		**13,301**	7,029
Equity investments at fair value through profit or loss		**835**	78
Tax recoverable		**1,068**	–
Available-for-sale financial assets		**–**	23,673
Due from associates		**–**	10,120
Cash and cash equivalents		**78,119**	76,082
Total current assets		**297,610**	344,736
CURRENT LIABILITIES			
Trade and bills payables	*11*	**34,764**	61,309
Other payables and accruals		**39,335**	31,852
Tax payable		**3,838**	3,150
Interest-bearing bank and other borrowings		**–**	5,000
Due to an associate		**–**	4,600
Total current liabilities		**77,937**	105,911
NET CURRENT ASSETS		**219,673**	238,825
TOTAL ASSETS LESS CURRENT LIABILITIES		**540,827**	546,034
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**5,550**	7,115
Net assets		**535,277**	538,919
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital		**32,365**	32,365
Reserves		**474,012**	466,333
Proposed final dividend		**9,709**	19,419
		516,086	518,117
Minority interests		**19,191**	20,802
Total equity		**535,277**	538,919

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 investment properties, available-for-sale financial assets 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 2009. 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. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new interpretations and amendments to 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 interpretations and amendments has had no significant effect on these financial statements.

HKAS 39 and HKFRS 7 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement* and HKFRS 7 *Financial Instruments: Disclosures – Reclassification of Financial Assets*
HK(IFRIC)-Int 12	*Service Concession Arrangements*
HK(IFRIC)-Int 14	*HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

3. SEGMENT INFORMATION

Segment information is presented on the Group's primary segment reporting basis, by geographical segment. No further business segment information is presented as the Group is principally engaged in the manufacture and trading of eyewear products and the management considers that the Group operates in one single business segment.

Geographical segments

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group's geographical segments for the years ended 31 March 2009 and 2008.

	North America		Europe		People's Republic of China (including Hong Kong)		Other Asian countries		Others		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue:												
Sales to external customers	**167,897**	169,038	**297,119**	342,296	**30,162**	25,219	**11,124**	8,052	**3,781**	7,178	**510,083**	551,783
Segment results	**3,114**	14,325	**5,512**	29,007	**559**	2,137	**207**	683	**70**	608	**9,462**	46,760
Interest and dividend income											**1,501**	2,037
Unallocated corporate expenses											**(1,828)**	(1,260)
Finance costs											**(70)**	(1,797)
Share of profits and losses of:												
Jointly-controlled entities	**–**	–	**–**	–	**316**	452	**(431)**	–	**–**	–	**(115)**	452
Associates	**–**	–	**–**	–	**6,109**	9,352	**233**	890	**–**	–	**6,342**	10,242
Profit before tax											**15,292**	56,434
Tax											**864**	(5,065)
Profit for the year											**16,156**	51,369
Segment assets	**38,536**	45,759	**72,309**	76,743	**418,029**	428,511	**2,745**	1,750	**4**	118	**531,623**	552,881
Interests in associates	**–**	–	**–**	–	**–**	16,209	**3,179**	2,946	**–**	–	**3,179**	19,155
Interests in jointly-controlled entities	**–**	–	**–**	–	**4,449**	3,070	**326**	757	**–**	–	**4,775**	3,827
Cash and cash equivalents											**78,119**	76,082
Unallocated assets											**1,068**	–
Total assets											**618,764**	651,945
Segment liabilities	**1,689**	1,745	**7,270**	9,342	**64,320**	84,974	**820**	1,668	**–**	32	**74,099**	97,761
Bank loans											**–**	5,000
Unallocated liabilities											**9,388**	10,265
Total liabilities											**83,487**	113,026

4. REVENUE, OTHER INCOME AND GAIN

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, other income and gain is as follows:

	2009	2008
	HK$'000	*HK$'000*
Revenue		
Sale of goods	**510,083**	551,783
Other income		
Sale of scrap materials	**899**	6,998
Bank interest income	**1,484**	2,026
Gross rental income	**156**	208
Dividend income from equity investments at fair value through profit or loss	**17**	11
Others	**810**	1,373
	3,366	10,616
Gain		
Foreign exchange differences, net	**–**	543
	3,366	11,159

5. PROFIT BEFORE TAX

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

	2009	2008
	HK$'000	*HK$'000*
Cost of inventories sold	**434,522**	454,942
Depreciation	**32,676**	36,667
Write-back of impairment of trade receivables	**(1,896)**	(5,237)
Loss/(gain) on disposal of items of property, plant and equipment	**204**	(169)
Write-back of provision for impairment of prepaid land lease payments	**–**	(614)
Write-back of provision for impairment of buildings	**–**	(96)
Fair value losses/(gains), net:		
Equity investments at fair value through profit or loss – held for trading	**159**	(164)

6. FINANCE COSTS

	2009	2008
	HK$'000	*HK$'000*
Interest on bank loans wholly repayable within five years	**70**	1,793
Interest on finance leases	**–**	4
	70	1,797

7. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. The lower Hong Kong profits tax rate is effective from the year of assessment 2008/2009, and so is applicable to the assessable profits arising in Hong Kong for the whole year ended 31 March 2009. 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.

	2009	2008
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong		
Charge for the year	**1,930**	4,133
Overprovision in prior years	**(481)**	(1,397)
Current – Elsewhere	**59**	3,199
Deferred	**(2,372)**	(870)
Total tax charge/(credit) for the year	**(864)**	5,065

8. DIVIDENDS

	2009	2008
	HK$'000	*HK$'000*
Interim – Nil (2008: HK3.0 cents) per ordinary share	**–**	9,709
Proposed final – HK3.0 cents (2008: HK6.0 cents) per ordinary share	**9,709**	19,419
	9,709	29,128

The 2009 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 28 August 2009 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$17,611,000 (2008: HK$48,001,000) and 323,649,123 (2008: 323,649,123) shares in issue.

The diluted earnings per share amounts have not been calculated for the current and prior years as no diluting events existed throughout these years.

10. TRADE AND BILLS RECEIVABLES

The Group usually allows average credit periods ranging from 45 to 120 days (2008: 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 2009 and 2008:

	2009	2008
	HK$'000	*HK$'000*
Current to 90 days	**119,021**	128,652
91 to 180 days	**1,990**	4,353
181 to 360 days	**138**	816
	121,149	133,821
Bills receivables	**4,745**	3,647
Total	**125,894**	137,468

11. TRADE AND BILLS PAYABLES

The following is an aged analysis of trade and bills payables as at 31 March 2009 and 2008:

	2009	2008
	HK$'000	*HK$'000*
Current to 90 days	**31,694**	56,920
91 to 180 days	**2,327**	3,066
181 to 360 days	**145**	566
Over 360 days	**598**	757
Total	**34,764**	61,309

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The financial year which ended on 31 March 2009 was an exceptionally challenging year for the Group. In the first half of the financial year, the Group was significantly affected by the worsening operating environment in the People's Republic of China (the "PRC"), followed by the global financial crisis in the second half of the year. As a result, the Group's profit attributable to equity holders of the parent and turnover dropped by 63.31% and 7.56% respectively as compared to those of last year.

As reported in our interim report, the major challenges the Group faced in the first half of the financial year were the increase of PRC labour cost, high inflation rate in the PRC and the appreciation of Renminbi, all of which pushed up the Group's manufacturing costs. The implementation of the new labour law at the beginning of 2008 and the further increase of minimum wages in mid 2008 resulted in the Group's PRC labour cost increasing by 24.98% for the year ended 31 March 2009 as compared to that of last year.

While these challenges seemed to have stabilised, a bigger challenge, the global financial tsunami, spread globally in the last quarter of 2008 which adversely affected the Group' turnover. Under the impact of global financial crisis, customers are more cautious when placing orders. As a result, the Group's sales to its largest market, the European market, decreased by 13.20% from HK$342,296,000 to HK$297,119,000, while the sales to the Group's second largest market, North America, decreased by 0.67% to HK$167,897,000 compared to HK$169,038,000 in last year. Although the sales to the PRC and other Asian countries increased by 19.60% and 38.15% respectively, the total sales of the Group decreased by 7.56% to HK$510,083,000 compared to HK$551,783,000 in last year.

The combined effect of increase in manufacturing costs and the decrease in sales has caused the Group's gross profit margin to decrease from 17.17% to 13.98%. Profit attributable to equity holders of the parent for the year ended 31 March 2009 dropped by 63.31% to HK$17,611,000 as compared to HK$48,001,000 in last year.

PROSPECT

It is still uncertain whether the most difficult moment has passed. Facing this uncertainty and economic recession, consumer confidence will not be resumed until there are signs of rebound. Economic recovery will largely depend on the effectiveness of the stimulus plans being implemented by each country around the world. The Group's sales in the rest of 2009 might be affected negatively.

Added to the difficulty is the fact that buyers are more cost conscious and have been increasingly aggressive in price cutting. More intense price pressure has since been felt and the near term persistence of the trend will be anticipated.

The Group has also been advised by its largest customer and a shareholder, the Safilo S.p.A. group of companies ("Safilo Group"), that negotiations with potential investors are taking place to identify injection of new funds to strengthen the financial and capital structure of the Safilo Group. Despite the global economic downturn which affected also the eyewear industry during the last year, Safilo Group still maintains a leadership position in the high end luxury market. However, the same leadership position at the same time exposes Safilo Group to a further worsening of luxury market conditions and, as a consequence, this would likely affect also the Group's sales and financial results, as Safilo Group is the most important customer of the Group. As at the date of this announcement, the Safilo Group has been making timely settlement of the trade receivables due to the Group.

The management of the Group is fully aware of the challenges it is facing. To cope with these challenges, on the one hand, the Group will reinforce its sales effort in all its existing market segments as well as exploring other market segments to widen its customer base. On the other hand, the Group will stringently control all levels of its costs to ensure its profitability.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2009, the Group continued to maintain a strong financial position with cash and bank balances of HK$78,119,000 and without any bank borrowing. The Group's equity attributable to equity holders of the parent as at 31 March 2009 amounted to HK$516,086,000 (31 March 2008: HK$518,117,000). 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, was nil as at 31 March 2009 (31 March 2008: 0.97%).

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 2009, the Group had capital commitments, which were contracted but not provided for, in respect of land and buildings and equipment and machinery of HK$2,353,000 (31 March 2008: HK$2,181,000). As at 31 March 2009, the Company had a contingent liability of HK$107,900,000 (31 March 2008: HK$182,000,000) in respect of guarantees given to banks in connection with facilities granted to its subsidiary.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2009, the Group employed approximately 4,621 (31 March 2008: 6,402) 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 (the "SEHK") 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 2009, 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 had adopted the Model Code set out in Appendix 10 of the Listing Rules as its code of conduct regarding Directors' securities transactions. Upon specific enquiry of the Company, all of the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 March 2009.

AUDIT COMMITTEE

The final results for the year ended 31 March 2009 of the Group have been reviewed by the audit committee, which 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.

DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK3.0 cents per ordinary share (2008: HK6.0 cents) for the year ended 31 March 2009 at the forthcoming Annual General Meeting to be held on 28 August 2009. The final dividend, if approved by shareholders, is expected to be payable on 25 September 2009 to those shareholders whose names appear on the register of members of the Company on 28 August 2009.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 24 August 2009 to Friday, 28 August 2009, 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 transfer of shares, accompanied by the relevant share certificates, must be lodged for registration with the Company's Registrar 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, 21 August 2009.

PUBLICATION OF ANNUAL REPORT ON THE WEBSITE OF THE SEHK AND THE COMPANY

The annual report of the Company containing all the information required by the Listing Rules will be dispatched to shareholders and published on the websites of the SEHK (www.hkexnews.hk) and the Company (www.elegance-group.com) 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.

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

Hong Kong, 17 July 2009

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 of the Company are Ms. Barbara Lissi and Ms. Paola Marchisio and the Independent Non-Executive Directors of the Company are Mr. Poon Kwok Fai, Ronald, Dr. Tam Hok Lam, Tommy, PhD, JP and Mr. Wong Chung Mat, Ben, JP.