ELEGANCE INTERNATIONAL HOLDINGS LTD:
THINGS ARE GOING FROM BAD TO WORSE

The results for the Financial Year, ended March 31, 2013, in respect of Elegance International Holdings Ltd () (Code: 907, Main Board, The Stock Exchange of Hongkong Ltd) were announced, on Thursday, June 20, 2013.

And, for the second Financial Year in succession, this manufacturer and trader in optical frames and sunglasses has suffered further losses.

The Company reported a Loss Attributable to Shareholders of $HK59,665,000 [2012: ($HK11,334,000)].

The 2013-Year's Turnover sank to $HK361,458,000, down about $HK69,716,000, or 16.17 percent, compared with the Turnover of the 2012-Year.

Under Current Assets, it is noted that Cash and Cash Equivalents had fallen to about $HK93,031,000, down about 42.67 percent, compared with Cash and Cash Equivalents, available as at the 2012-Year's Balance Sheet Date.

The Company has no bank borrowings so that financing costs stand at zero, as is the Company's Gearing Ratio.

Management has blamed its situation on, inter alia, operating costs in the People's Republic of China (PRC).

At Page 9 of the announcement with regard to the 2013 Final Results, under the heading, ***'BUSINESS REVIEW'***, one reads:

> *'The financial year ended 31 March 2013 was another challenging year for the Group, as the Group suffered a loss for the second consecutive year. The upsurge in operating costs in Mainland China was amongst the main reasons for causing the loss. Labour costs continued to rise in the year under review, especially after the Chinese New Year, while the output rate per worker did not increase or the increase rate was not in proportion to the increase in labour costs. The further appreciation of Renminbi was another contributory reason for the loss of the Group. On the other hand, competition has kept our selling prices remained suppressed.*
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> *'Globally, significant improvement of worldwide economic environment had not been seen, especially in the Group's two largest market segments, Europe and North America. In fact, demand for the Group's products from these two markets declined in the year under review. The Group's sales to Europe reduced by 9.27% to HK$221,579,000, while sales to North America decreased by 15.64% to HK$95,891,000. The total sales revenue of the Group dropped from HK$431,174,000 for the last year to HK$361,458,000 this year.'*

Then, one paragraph below the above, one reads that Management fully expects the situation in the Current Financial Year *'to remain tough, as the minimum wage in Mainland China was further increased by 6.67% in March this year.'*.

Between June 2010 and June 2012, the minimum wage at the Company's Shenzhen factory rose by more than 66 percent, in fact.

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