

## **DAPHNE INTERNATIONAL HOLDINGS LIMITED**

**達 芙 妮 國 際 控 股 有 限 公 司**

**Daphne FY2008 Turnover Grows 37% to HK\$5,289.3 million  
Profit Up 28% to HK\$492.9 million**

\* \* \* \* \*

### **Growing Brand Business Expands Footprint in China Focuses on Quality Ladies Footwear Business**

(16 April 2009 – Hong Kong) – Daphne International Holdings Limited (“Daphne” or the “Group”, formerly known as Prime Success International Group Limited), an integrated footwear group with huge growth potential in the Greater China (stock code: 210), today announced its annual results for the year ended 31 December 2008.

With a well-established brand in the footwear market in China, Daphne continued to deliver satisfactory overall results for the year under review. The Group reported a 37% growth in turnover to HK\$5,289.3 million (2007: HK\$3,853.6 million) and profit attributable to shareholders was up by 28% to HK\$492.9 million (2007: HK\$384.4 million). The growth was driven by the booming brand business of the Group despite the global financial crisis happened in the second half of the year affecting the overall consumption sentiment.

Basic earnings per share of the Group was HK30.09 cents (2007: HK23.47 cents). The Board of Directors recommended the payment of a final dividend of HK3.0 cents (2007: HK2.5 cents) per share for the year ended 31 December 2008. Together with the interim dividend of HK2.5 cents (2007: HK2.5 cents) per share already paid, the total dividend for the year amounted to HK5.5 cents (2007: HK5.0 cents) per share.

**Mr. Chen Ying-Chieh, Chairman of Daphne**, said, “We are delighted with the satisfactory performance of our brand business which is driving continuous growth of the Group. Since “Daphne” brand business has been the largest revenue contributor of the Group, we changed our company name from Prime Success International Group Limited to Daphne International Holdings Limited in June 2008 to strengthen our corporate identity as well as highlighting our business development focus. Apart from ‘Daphne’, the performance of ‘Shoebox’ was also impressive and thanks to solid mass market demand and the brand gaining growing acceptance in Mainland China.”

## **Own Brands**

Riding on a well-established retail network in China, “Daphne” reported reasonable growth in turnover and operating profit for the year. It accounted for 69% of the Group’s total turnover. During the year, the Group added 475 points-of-sale for the brand to boost consumer awareness across the country. As at 31 December 2008, “Daphne” was supported by a total of 2,849 points-of-sale including 1,815 stores, 616 counters and 418 franchised outlets. Leveraging celebrity endorsement – the famous girl pop group S.H.E and actress Ms Rene Liu as the spokespersons for “Daphne-D18” and “Daphne-D28” respectively – the unique images of the brand were reinforced.

**Mr. Chen Hsien Min, Managing Director of Daphne**, said, “Our positive brand image has facilitated the expansion of our sales network despite the competitive market. Apart from celebrity endorsement, we also mounted creative promotional and marketing activities including sponsoring special events and TV programmes, which has helped to capture public awareness for the brand in Mainland China.”

As for “Shoebox”, the mass market brand of the Group that promises great value at competitive prices, the slack economy has actually given it advantages. During the year, the Group opened 270 new stores for the brand, bringing the total number of points-of-sale to 616. Given the change in market conditions and consumer preference, the brand reported over 100% growth in both turnover and operating profit for the year under review.

## **Licensed brands**

The sportswear brands “adidas” and “Nike” benefited from the Beijing Olympics and generated stable revenue for the Group in the first half of the year. However, overall performance of the business for the entire year fell short of expectation. Impacted by the global financial crisis in the second half of the year, the segment only registered a slim profit compared to last year. The Group thus planned to revisit the development plan of the sportswear business, targeting to focus on ladies footwear business. As at the end of 2008, the Group operated 138 “adidas” outlets and 28 “Nike” outlets.

Other than the sportswear brands, the Group was granted the exclusive distributorship of “Sofft” (including the subsidiary brand “Born”) and “Arezzo” in Mainland China in 2008. During the year, the licensed international ladies brand business was under initial stage and started to gain market acceptance. As at 31 December 2008, the Group had 6 “Sofft” and 5 “Arezzo” points-of-sale.

## **OEM business**

The sluggish export market and rising production costs during the year saw the OEM business turnover declining against last year. The Group will trim the proportion of the business to minimise the impact of the slack business to its overall performance. Notwithstanding the tough operating environment, the Group managed to make the business profitable in 2008.

**Mr. Chen Ying-Chieh** concluded, "In the coming year, the Group plans to continuously expand its sales network to add new points-of-sale, 350 for 'Daphne' and 250 for 'Shoebox', to reinforce the position as well as extend the reach of its core brand business in the market. To sustain profitability, the Group will effectively allocate resources on promoting quality ladies' footwear in lower-tier cities and selectively higher-tier cities to optimise revenues. We are confident of overcoming the obstacles ahead in the market and being among the first to rally when the economy and the market improve."

## **About Daphne**

Established in 1987, Daphne International Holdings Limited (formerly known as Prime Success International Group Limited) was listed on the Main Board of The Stock Exchange of Hong Kong Limited in 1995 and has been admitted as one of the constituent stocks of the Hang Sang Composite Mainland Index, effective on 11 September 2006. The Group is principally engaged in the manufacturing, marketing and distribution of footwear, apparel and accessories products under its own and licensed brands and on an OEM basis. Its major markets include China and the US. In 1990, the Group launched its footwear business in China under the brand name "Daphne" which is now a leading ladies' footwear brand in China. Currently the Group operates over 3,000 outlets, comprising "Daphne", "Shoebox", "adidas", "Nike", "Arezzo", "Sofft" and "Born" brands, in Mainland China and Taiwan.

- end -

## **For media enquiries:**

### **Strategic Financial Relations Limited**

Esther Chan           Tel: (852) 2864 4825

Email: esther.chan@sprg.com.hk

Doris Chan            Tel: (852) 2114 4950

Email: doris.chan@sprg.com.hk

Carrie Lui            Tel: (852) 2864 4806

Email: carrie.lui@sprg.com.hk

Fax: 2804 2789 / 2527 1196

***(N.B.: Enclosed please find the Consolidated Profit & Loss Account of Daphne International Holdings Limited.)***

**Daphne International Holdings Limited**  
**2008 Annual Results**  
**Consolidated Profit & Loss Account**

	Audited	
	For the year ended 31 December	
	2008	2007
	HK\$'000	HK\$'000
<b>TURNOVER</b>	<b>5,289,297</b>	3,853,580
Cost of sales	<b>(2,501,911)</b>	(2,023,801)
<b>GROSS PROFIT</b>	<b>2,787,386</b>	1,829,779
Other income	<b>20,738</b>	39,830
Other (losses)/gains – net	<b>(25,957)</b>	8,677
Selling and distribution expenses	<b>(1,821,969)</b>	(1,122,157)
General and administrative expenses	<b>(281,218)</b>	(214,996)
<b>OPERATING PROFIT</b>	<b>678,980</b>	541,133
Finance costs	<b>(13,307)</b>	(11,341)
Share of profit of an associated company	<b>594</b>	226
<b>PROFIT BEFORE TAXATION</b>	<b>666,267</b>	530,018
Taxation	<b>(169,090)</b>	(141,298)
<b>PROFIT FOR THE YEAR</b>	<b>497,177</b>	388,720
Attributable to:		
Equity holders of the Company	<b>492,920</b>	384,383
Minority interests	<b>4,257</b>	4,337
	<b>497,177</b>	388,720
<b>DIVIDENDS</b>	<b>90,084</b>	81,894
<b>BASIC AND DILUTED EARNINGS PER SHARE (HK cents)</b>	<b>30.09</b>	23.47