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DAPHNE INTERNATIONAL HOLDINGS LIMITED
達芙妮國際控股有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 210)

UPDATE ANNOUNCEMENT

Reference is made to the announcement (the “**2013 Announcement**”) of Daphne International Holdings Limited (the “**Company**”) dated 13 August 2013 in relation to two alleged incidents (the “**Alleged Incidents**”), both of which involved one of our subsidiary companies (the “**subsidiary**”) and a third party (the “**Third Party**”).

As disclosed in the 2013 Announcement, the subsidiary was disputing a legal proceeding commenced by a bank in mainland China against the Third Party and the subsidiary, whereby the bank alleged that the subsidiary had agreed to a pledge granted by the Third Party in favour of the bank of certain receivables due from the subsidiary as security for a loan due by the Third Party (the “**Claim**”).

The board of directors of the Company wishes to inform the shareholders of the Company that court in mainland China had decided that the bank’s allegations against the subsidiary were unsubstantiated and had dismissed the Claim against the subsidiary.

To the best knowledge of the Company, there are no other ongoing investigations or outstanding legal or governmental proceedings against the subsidiary or the Company in mainland China in relation to the Alleged Incidents in the 2013 Announcement as at the date of this announcement.

By Order of the Board
Daphne International Holdings Limited
Chen Ying-Chieh
Chairman

Hong Kong, 13 June 2014

As at the date of this announcement, the Board comprises Mr. Chen Ying-Chieh, Mr. Chang Chih-Chiao, Mr. Chang Chih-Kai and Mr. Chen Tommy Yi-Hsun being the executive directors, Mr. Kim Jin-Goon being the non-executive director (with Mr. Lau Wai Kei, Ricky as the alternate); Mr. Huang Shun-Tsai, Mr. Kuo Jung-Cheng and Mr. Lee Ted Tak Tai being the independent non-executive directors.

** for identification purpose only*