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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)

**Unaudited Operational Update for the Fourth Quarter of 2017 and
Profit Alert for the Full year of 2017**

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited and Inside Information Provisions (as defined under the Listing Rules) under Part XIV A of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of Daphne International Holdings Limited (the “**Company**”, which together with its subsidiaries, is referred to as the “**Group**”) provides, on a voluntary basis, the following unaudited operational update of the Group’s operation under “Daphne” and “Shoebox” brands in Mainland China (“**Core Brands**”).

Same-store Sales of Core Brands

The Group’s Core Brands business recorded a high-single-digit percentage decline in its year-on-year same-store sales for the fourth quarter of 2017, which was mostly driven by the decline in average selling price. The deceleration of the decline in the fourth quarter was mainly attributable to the enhanced and well-received product design and product portfolio for the autumn season, as well as the improved sales efficiency. Overall, the year-on-year same-store sales for the year ended 31 December 2017 decreased by 12.4%.

The Number of Points of Sale (“POS”) for Core Brands

During the fourth quarter of 2017, the Group continued the adjustment of its channel mix to align with its refreshed brand positioning and store consolidation, resulting in a net closure of 328 POS (including 317 directly-managed stores and 11 franchised stores). After the net closure of 1,009 POS for the whole year of 2017, the Group had a total of 3,589 POS under its Core Brands business as of 31 December 2017.

Profit Alert

Based on a preliminary review of the unaudited consolidated management accounts and the information currently available, the Board wishes to inform the shareholders of the Company and potential investors that, for the year ended 31 December 2017, the Group expects to report a net loss, however, the operating loss would be narrowed when compared to that of the previous year.

* *For identification purpose only*

The Board wishes to remind the shareholders and potential investors of the Company that the information stated in this announcement is based on the Group's unaudited operational information which has not been reviewed or audited by the Company's independent auditor.

Shareholders and potential investors of the Company are cautioned not to unduly rely on such information, and are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
Daphne International Holdings Limited
Chang Chih-Kai
Chairman and Chief Executive Officer

Hong Kong, 25 January 2018

As at the date of this announcement, the Board of the Company comprises three executive directors, namely Mr. Chang Chih-Kai, Mr. Chang Chih-Chiao and Mr. Chen Tommy Yi-Hsun; one non-executive director, namely Mr. Chen Ying-Chieh; and three independent non-executive directors, namely Mr. Huang Shun-Tsai, Mr. Kuo Jung-Cheng, and Mr. Lee Ted Tak Tai.