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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 Third Quarter of 2016

The board of directors (the “**Board**”) of Daphne International Holdings Limited (the “**Company**”, together with its subsidiaries collectively referred to as the “**Group**”) announces the unaudited operational data and information of the Group’s Core Brands business for the third quarter ended 30 September 2016 as follows:

Core Brands Business	For the third quarter of 2016	For the first three quarters of 2016
Same store sales growth rate (YoY % change)	-13.0%	-12.1%
Net increase/decrease of points-of-sale (“POS”)	-307 (Reduced 284 directly-managed stores and 23 franchised stores)	-757 (Reduced 684 directly-managed stores and 73 franchised stores)

Core Brands Business	As at 30 September 2016
Total number of POS	4,840

Note: Core Brands business refers to the operation of “Daphne” and “Shoebox” brands in Mainland China

For the third quarter of 2016, same-store sales of the Group’s Core Brands business recorded a decline of 13.0% year on year. Overall, the same store sales growth of the Core Brands for the first three quarters of 2016 was -12.1% year on year. The same store sales decline for the third quarter of 2016 was mostly volume driven, as average selling price of Core Brands saw a slight decrease during the period.

The Group continued the consolidation of the sales network, with a net closure of 307 POS during the third quarter (with a reduction of 284 directly-managed stores and 23 franchised stores), and therefore had a total of 4,840 POS under its Core Brands business as at 30 September 2016. In addition, the Group’s e-commerce continued its sales growth during the third quarter.

* for identification purpose only

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

Shareholders and potential shareholders 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
Executive Director & CEO

Hong Kong, 20 October 2016

As at the date of this announcement, the Board of the Company comprises three Executive Directors, namely Mr. Chang Chih-Chiao, Mr. Chang Chih-Kai 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.