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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 Quarterly Operational Update**

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 had been upholding its policy of maintaining stable prices of its products for spring and summer to complement its brand revamp, so it did not follow its local peers’ practice of aggressive discounting during the third quarter of the year. This strategic decision exerted pressure on the Group’s sales. The adjustment in the sales channel mix to align with the refreshed brand positioning also adversely affected the same-store sales. Moreover, different timing of Mid-Autumn festival (which was in October this year versus September last year) had a negative impact on the same-store sales of September in 2017. As a result, the Group’s Core Brands business saw a mid-teens decline in its year-on-year same-store sales for the nine months ended 30 September 2017.

In view of the widespread price competition during the third quarter of the year, the Group launched its products for autumn earlier. The performance of the autumn collection for 2017 improved when compared with that for the same period last year.

The Group deemed it inevitable to go through some short-term pain during the process of the brand revamp and product upgrade initiatives, but it is confident that such measures will bolster sales and financial performance once they are fully implemented. The Group was delighted to see improvement when comparing the year-on-year same-store sales decline at the Core Brands business for the period of the first three weeks of October 2017 and that for the third quarter of the year. The improvement was attributable to the introduction of its winter collection and sales promotion during China’s National Day holiday.

\* *For identification purpose only*

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

With the net closure of 375 POS (including 367 directly-managed stores and 8 franchised stores) during the third quarter of the year, the Group had 3,917 POS in total under its Core Brands business as at 30 September 2017.

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 & Chief Executive Officer*

Hong Kong, 25 October 2017

*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.*