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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 First Quarter of 2015

The board of directors (“the Board”) of Daphne International Holdings Limited (“the Company”, together with its subsidiaries, “the Group”) announces the unaudited operational data and information of the Group’s Core Brands business for the first quarter of 2015 as follows:

	For the first quarter of 2015
Same store sales growth rate <i>(YoY % change)</i>	-15.9%
Net addition of points-of-sale	-14 <i>(Added 24 directly-managed stores, and reduced 38 franchised stores)</i>
	As at 31 March 2015
Total number of points-of-sale for Core Brands	6,388

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

For the first quarter of 2015, the Group’s Core Brands business recorded a year-on-year decline of 15.9% in same store sales, and a low-teen year-on-year percentage decrease in its retail sales revenue. While the first two months of the year reported a high single-digit drop in same store sales, sales in March were softer and dragged the overall performance of the first quarter. The sales performance during the period was affected by the following factors:

- Erratic weather patterns did not favour the sales of seasonal items.
- Local regional competition in the mass segment continued to be fierce, but the Company decided to uphold its discounting policy during the launch period.

* *for identification purpose only*

The sales decline was mostly driven by volume, while the average selling price dropped moderately. As the sales mix improved, the Group saw some growth in the gross profit margin which is in line with the expectation.

The total number of Core Brands points-of-sale reduced to 6,388, with net closures of 14 POS (including net addition of 24 directly-managed stores and a net reduction of 38 franchised stores).

In addition, the e-commerce business maintained its strong sales growth momentum during the first quarter.

Daphne ranked top in the Women's Shoes category in the "China Brand Power Index 2015", and won this accolade for the fifth consecutive year. This independent annual survey was conducted by Chnbrand, an institution funded by the Chinese Government's Ministry of Industry and Information Technology, and reputed as the most credible brand rating organisation in China. This research report, based on consumer responses, covers 30 cities across China and examines brand awareness and loyalty by industry and category.

The Group will have the full launch of its new advertising and marketing program for spring/summer season around mid-April. It expects the sales to improve as the marketing efforts step up along with the actual arrival of spring and summer weather.

The Board wishes to remind investors 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 auditors.

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
Chen Ying-Chieh
Chairman

Hong Kong, 20 April 2015

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.