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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 2012

The board of directors (“the Board”) of Daphne International Holdings Limited (“the Company”, together with its subsidiaries, “the Group”) announces the unaudited operational information of the Group’s core brands business for the fourth quarter ended 31 December 2012 as follows:

	For the fourth quarter of 2012	Full year of 2012
Same store sales growth rate <i>(YoY % change)</i>	+2%	+9%
Net addition of points-of-sale	+221 <i>(added 260 directly-managed stores, and reduced 39 franchised stores)</i>	+767 <i>(added 880 directly-managed stores, and reduced 113 franchised stores)</i>
	As at 31 December 2012	
Total number of points-of-sale for core brands	6,369	

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

The same store sales of the Group’s core brands business grew by 2% year-on-year in the fourth quarter of 2012. On a full year basis, the same store sales growth of the Group’s core brand business was 9%.

The same store sales growth in the fourth quarter, achieved on top of a high base of 26% growth for the same period last year, was also affected by the calendar shift of the upcoming Chinese New Year (“CNY”), which will fall in February 2013 versus January 2012. The pre-CNY shopping season usually takes place during the month preceding the CNY holiday. Due to the delay of festive shopping season, consumer demand was softer in December 2012, versus the same period in the prior year, therefore, affecting the growth in the fourth quarter.

The sales growth continued to be driven by sales volume. During the period under review, increased promotion activities, together with different product mix led by prevailing winter season fashion trend, drove a lower realised average selling price and affected the margins.

The Group is on course to improve its inventory level. In addition, cost control and efficiency improvement measures, and system enhancement projects are in good progress during the period. The beneficial effects of these initiatives will become evident, and therefore increase our competitiveness and enhance our performance in the coming years.

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, 15 January 2013

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

* *for identification purpose only*