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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)

ANNOUNCEMENT

The Company recently received information in relation to two alleged transactions where one of our subsidiary companies (the “**subsidiary**”) was alleged to have been involved. The two alleged transactions are:

- (1) the subsidiary was named as one of the defendants in a claim commenced by a bank in mainland China (the “**Plaintiff**”), in respect of a loan due by a third party (“**Third Party**”) in the principal amount of RMB15,000,000. The Plaintiff alleged that the subsidiary had agreed to a pledge by the Third Party of certain receivables due from the subsidiary in the amount of approximately RMB23,000,000 as security for such loan. The subsidiary is disputing such claim; and
- (2) the subsidiary was alleged to have provided certain guarantee for the issuance of a bond by the Third Party in the principal amount of RMB50,000,000. The subsidiary does not agree that it had provided any such guarantee.

Notwithstanding the fact that the subsidiary has taken appropriate actions to dispute its involvement in the said alleged transactions, the Company takes such allegations very seriously. Accordingly, the Company has authorised its audit committee of the board of directors to conduct an enquiry into such allegations. External professional advisers have also been engaged to assist the audit committee in relation to such enquiry.

The Company believes that the subsidiary is not responsible for the alleged transactions and that such alleged transactions should not result in any material adverse financial impact on the Company.

The Company will update the shareholders and investors in this connection, as and when appropriate.

By Order of the Board
Daphne International Holdings Limited
Chen Ying-Chieh
Chairman

Hong Kong, 13 August 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*