

DAPHNE INTERNATIONAL HOLDINGS LIMITED

達 芙 妮 國 際 控 股 有 限 公 司

RMB 550 million (US\$81 million) Strategic Investment by TPG Capital in Daphne International

May 25, 2009, Hong Kong --- **Daphne International Holdings Limited** (HKSE: 210, “Daphne” or “the Company”), the owner of the “Daphne” and “Shoebox” brands and a leading retailer of ladies’ footwear in the PRC, announced today that the Company has entered into an agreement with TPG Capital (“TPG”), under which TPG will make a strategic investment in Daphne through the subscription of RMB 550 million convertible bonds with warrants.

Mr. Chen Ying-Chieh, Chairman of Daphne said, “We are delighted to have TPG as our strategic partner. We believe that TPG shares the same strategic vision of our Company and expect this partnership to not only help us in further solidifying our leadership position in the domestic market in China but also contribute to transforming Daphne to become a world-class company.”

Mr. Chen Hsien Min, Managing Director of Daphne added, “We view this as a long-term partnership and intend to work closely with TPG to further strengthen our financial management, operational efficiency and corporate governance. We will also fully leverage TPG’s global network to explore new opportunities and enhance Daphne’s overall competitive position in the marketplace.”

Under the agreement, TPG has agreed to subscribe for unsecured convertible bonds due 2014 in the aggregate principal amount of RMB 550 million. The bonds carry an annual coupon of 3.125% payable semi-annually, and will be convertible, subject to certain conditions, into Daphne’s new ordinary shares at an initial conversion price of HK\$3.50 per ordinary share. The bonds will be redeemed at par if not converted.

In addition, TPG will receive 100 million warrants with the right to subscribe for one ordinary share each, with an initial exercise price of HK\$4.00 per warrant. The warrants have a maturity of five years. If exercised in full, TPG will receive 100 million new ordinary shares in Daphne.

TPG will hold 278,510,572 ordinary shares, equivalent to approximately 14.5% of the total enlarged issued share capital of Daphne, assuming the bonds are fully converted and the warrants are fully exercised.

Upon closing, the Company will receive the US-dollar equivalent of RMB 550 million (or approximately US\$81 million) of gross proceeds from the issuance of the convertible bonds with warrants which will be used for further expansion of its “Daphne” and “Shoebox” store network in the PRC. In addition, the Company expects to raise a further HK\$400 million (or approximately US\$52 million) upon the full exercise of the warrants, which will be used for general working capital purposes.

Ms. Mary Ma, Managing Director of TPG said, “We are confident in the long-term growth prospects of the consumer retail sector in China. We believe that Daphne, with its widely recognized ‘Daphne’ and ‘Shoebox’ brands, has every ingredient needed to grow from strength-to-strength and to accomplish even greater success in the future.”

Mr. Stephen Peel, Managing Partner, Greater China, Eurasia, India and SE Asia of TPG added, “This investment is consistent with TPG’s philosophy of supporting high-growth Chinese consumer-oriented companies to achieve world-class operating standards. We believe our capital and operational expertise will contribute to a successful partnership with Daphne.”

Merrill Lynch (Asia Pacific) Limited acted as the sole financial advisor to Daphne and Nomura International (Hong Kong) Limited acted as the sole financial advisor to TPG on this transaction.

This announcement is not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration or an exemption from registration. Any public offering of securities to be made in the United States will be made by means of an information memorandum that may be obtained from the Company and will contain detailed information about the Company and management, as well as financial statements. The Company does not intend to register any part of the offering in the United States.

About Daphne International Holdings Limited

Established in 1987, Daphne International Holdings Limited (formerly known as Prime Success International Group Limited) was listed on the Main Board of The Stock Exchange of Hong Kong Limited in 1995 and has been admitted as one of the constituent stocks of the Hang Seng Composite Mainland Index, effective on 11 September 2006. The Group is principally engaged in the manufacturing, marketing and distribution of footwear, apparel and accessories products under its own and licensed brands and on an OEM basis. Its major markets include China and the US. In 1990, the Group launched its footwear business in China under the brand name “Daphne” which is now a leading ladies’ footwear brand in China. Currently the Group operates over 3,000 outlets, comprising “Daphne”, “Shoebox”, “adidas”, “Nike”, “Arezzo”, “Sofft” and “Born” brands, in Mainland China and Taiwan.

About TPG Capital

TPG Capital is the global buyout group of TPG, a leading private investment firm founded in 1992 with approximately US\$45 billion of assets under management and offices in San Francisco, London, Hong Kong, New York, Fort Worth, Menlo Park, Washington, D.C., Melbourne, Moscow, Mumbai, Paris, Luxembourg, Beijing, Shanghai, Singapore and Tokyo. TPG Capital has extensive experience with global public and private investments executed through leveraged buyouts, recapitalizations, spinouts, joint ventures and restructurings. Please visit www.tpg.com.

(End)

*US\$81 million Strategic Investment by TPG Capital in Daphne International
May 25, 2009*

For media enquiries:

Daphne International Holdings Limited

Strategic Financial Relations Limited

Esther Chan Tel: (852) 2864 4825

Email: esther.chan@sprg.com.hk

Doris Chan Tel: (852) 2114 4950

Email: doris.chan@sprg.com.hk

Fax: (852) 2804 2789 / (852) 2527 1196

TPG Capital

Owen Blicksilver Public Relations

Carol Makovich

Tel: (1) 203 622 4781

Email: carol@blicksilverpr.com

Ogilvy Public Relations Worldwide

Scott Kronick

Tel: (86) 1370 100 4595

Email: scott.kronick@ogilvy.com