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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)

**Voluntary Announcement on Business Update**

The board of directors (the “**Board**”) of Daphne International Holdings Limited (the “**Company**”, which together with its subsidiaries, is referred to as the “**Group**”) wishes to, on a voluntary basis, provide the shareholders and potential investors of the Company with (i) an unaudited business update of the Group’s operation under “Daphne” and “Shoebox” brands in mainland China (“**Core Brands**”) for the year ended 31 December 2019 and (ii) information on the potential impact of the Novel Coronavirus Disease outbreak on the business operations of the Group.

**BUSINESS UPDATE**

The Group’s Core Brands business recorded a decline of approximately 20% in its year-on-year same-store sales for the year ended 31 December 2019. The decline was mostly driven by the decrease in sales volume and average selling price due to unfavorable economic environment.

During the year of 2019, as one of the key transformation initiatives, the Group continued the adjustment of its channel mix and the rationalisation of its store network, resulting in a net closure of 2,288 POS (including 2,174 directly-managed stores and 114 franchised stores). After the net closure of 2,288 POS for the whole year of 2019, the Group had a total of 360 POS under its Core Brands business as of 31 December 2019.

**POTENTIAL IMPACT OF THE NOVEL CORONAVIRUS DISEASE OUTBREAK ON THE BUSINESS OPERATIONS**

The majority of the Group’s operations are based in mainland China and a number of restrictions have been imposed by provincial and national government to limit travel within mainland China and to extend the Chinese New Year holiday period, in an attempt to control the spread of the Novel Coronavirus Disease.

At present, due to the various restrictions and measures imposed within mainland China, only less than 10% of POS for Core Brands are open for business. Accordingly, there is a risk that these restrictions, if prolonged, may further limit the opening for business of POS for Core Brands, which may have an adverse impact on the Group’s operation and financial performance.

\* *for identification purpose only*

The Board will continue to assess the impact of the Novel Coronavirus Disease on the Group's operation and financial performance and closely monitor the Group's exposure to the risks and uncertainties in connection therewith. The Group will take appropriate measures as necessary and make further announcements in due course.

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 and CEO*

Hong Kong, 18 February 2020

*As at the date of this announcement, the Board of the Company comprises two Executive Directors, namely Mr. Chang Chih-Kai and Mr. Chang Chih-Chiao; and three Independent Non-executive Directors, namely Mr. Hon Ping Cho Terence, Mr. Huang Shun-Tsai and Mr. Kuo Jung-Cheng.*