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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 Second Quarter of 2018 and
Profit Warning for the First Half of 2018**

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited and Inside Information Provisions (as defined under the Listing Rules) under Part XIV A of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of Daphne International Holdings Limited (the “**Company**”, which together with its subsidiaries, is referred to as the “**Group**”) provides, on a voluntary basis, the following unaudited operational update of the Group’s operation under “Daphne” and “Shoebox” brands in Mainland China (“**Core Brands**”).

Same-store Sales of Core Brands

For the second quarter of 2018, the same-store sales of the Group’s Core Brands business recorded a high-single-digit decline on a year-on-year basis, which was mostly driven by a decrease in sales volume. However, the Group saw a slight improvement in the same-store sales for the second quarter when compared to that of the first quarter. Overall, the same-store sales for the first half of 2018 recorded a decline of 9.1%.

Number of Points-of-Sales (“POS”) for Core Brands

The Group continued the adjustment of its channel mix and store rationalisation during the second quarter of 2018, which resulted in a net closure of 294 POS (including 287 directly-managed stores and 7 franchised stores). After the net closure of 416 POS for the first half of 2018, the Group had a total of 3,173 POS under its Core Brand business as of 30 June 2018.

Profit Warning

Based on the preliminary review of the unaudited consolidated management account and the information currently available, the Board wishes to inform the shareholders and potential investors of the Company that, for the six months ended 30 June 2018, the Group expects to continue to record a net loss, the amount of which would be comparable to that of the second half of 2017.

* *for identification purpose only*

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 & CEO

Hong Kong, 27 July 2018

As at the date of this announcement, the Board of the Company comprises three Executive Directors, namely Mr. Chang Chih-Kai, Mr. Chang Chih-Chiao and Mr. Chen Tommy Yi-Hsun; one Non-executive Director, namely Mr. Chen Ying-Chieh; and three Independent Non-executive Directors, namely Mr. Huang Shun-Tsai, Mr. Kuo Jung-Cheng, and Mr. Lee Ted Tak Tai.