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 OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008

HIGHLIGHTS OF 2008 ANNUAL RESULTS

- Turnover rose by 37% to HK$5,289.3 million
- Profit attributable to equity holders of the Company surged by 28% to HK$492.9 million
- Basic earnings per share increased by 28% to HK30.09 cents
- Proposed final dividend of HK3.0 cents per share

* *for identification purpose only*

ANNUAL RESULTS

The board of directors (the "Board") of Daphne International Holdings Limited (the "Company") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2008, together with the comparative figures for 2007 as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2008

		Audited	
		2008	2007
	Note	HK$'000	HK$'000
Turnover	2	5,289,297	3,853,580
Cost of sales		(2,501,911)	(2,023,801)
Gross profit		2,787,386	1,829,779
Other income	3	20,738	39,830
Other (losses)/gains - net	4	(25,957)	8,677
Selling and distribution expenses		(1,821,969)	(1,122,157)
General and administrative expenses		(281,218)	(214,996)
Operating profit	5	678,980	541,133
Finance costs		(13,307)	(11,341)
Share of profit of an associated company		594	226
Profit before taxation		666,267	530,018
Taxation	6	(169,090)	(141,298)
Profit for the year		497,177	388,720
Attributable to:			
Equity holders of the Company		492,920	384,383
Minority interests		4,257	4,337
		497,177	388,720
Dividends	7	90,084	81,894
Basic and diluted earnings per share (HK cents)	8	30.09	23.47

CONSOLIDATED BALANCE SHEET

As at 31 December 2008

		Audited	
		2008	2007
	Note	HK$'000	HK$'000
Non-current assets			
Intangible assets		39,447	25,685
Land use rights		44,944	40,891
Fixed assets		574,735	500,365
Interest in an associated company		3,134	2,567
Available-for-sale financial assets		33,624	33,624
Long-term rental deposits and prepayments		87,703	86,833
Deferred tax assets		31,771	37,472
		815,358	727,437
Current assets			
Inventories		1,355,280	992,051
Trade receivables	9	162,967	155,062
Other receivables, deposits and prepayments		480,794	303,209
Derivative financial instruments		-	2,450
Cash and cash equivalents		147,962	181,692
		2,147,003	1,634,464
Current liabilities			
Trade payables	10	397,006	461,099
Other payables and accrued charges		221,368	170,336
Taxation payable		165,325	127,191
Bank loans		270,655	194,978
		1,054,354	953,604
Net current assets		1,092,649	680,860
Total assets less current liabilities		1,908,007	1,408,297

	Audited 2008 HK$'000	Audited 2007 HK$'000
Equity		
Share capital	163,789	163,789
Reserves	1,690,744	1,209,295
Equity attributable to equity holders of the Company	1,854,533	1,373,084
Minority interests	36,765	34,098
Total equity	1,891,298	1,407,182
Non-current liabilities		
Deferred tax liabilities	1,555	1,115
License fees payable	15,154	-
	16,709	1,115
Total equity and non-current liabilities	1,908,007	1,408,297

1. Basis of preparation

The consolidated accounts have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants. The consolidated accounts have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

The preparation of accounts in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Standards, amendments and interpretations effective and adopted by the Group in 2008

HKAS 39 and HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the above new/revised HKFRSs has no impact on the preparation and presentation of the results and financial position of the Group for the current or previous accounting periods.

Standards, amendments and interpretations that have been issued but are not yet effective nor have been adopted by the Group in 2008

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 and 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKAS 39 (Amendment)	Eligible Hedged Items[3]
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
HKFRS 2 (Amendment)	Share-based Payment: Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised)	Business Combination[3]
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments[2]
HKFRS 8	Operating Segments[2]
HK(IFRIC) – Int 9 and HKAS 39 (Amendments)	Embedded Derivatives[4]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[5]
HK(IFRIC) – Int 15	Accounting for Agreements for the Construction of Real Estate[2]
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation[6]
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owners[3]
HK(IFRIC) – Int 18	Transfer of Assets from Customers[7]

[1] Effective for accounting periods beginning on or after 1 January 2009 except the amendments to HKFRS 5 which is effective for accounting periods beginning or after 1 July 2009

[2] Effective for accounting periods beginning on or after 1 January 2009

[3] Effective for accounting periods beginning on or after 1 July 2009

[4] Effective for accounting periods beginning on or after 30 June 2009

[5] Effective for accounting periods beginning on or after 1 July 2008

[6] Effective for accounting periods beginning on or after 1 October 2008

[7] Effective for transfers on or after 1 July 2009

The Group has already commenced an assessment of the related impact to the Group but is not yet in a position to conclude whether substantial changes to the Group's accounting policies and presentation of the accounts will be resulted.

2. Turnover and segment information

The Group is principally engaged in the manufacturing and distribution of footwear, apparel and accessories.

Primary reporting format - business segments

	2008			2007		
	Brand business HK$'000	OEM business HK$'000	Group HK$'000	Brand business HK$'000	OEM business HK$'000	Group HK$'000
Turnover	4,646,853	642,444	5,289,297	3,145,841	707,739	3,853,580
Segment results	682,908	19,972	702,880	481,890	38,141	520,031
Income derived from an available-for-sale financial asset			3,000			3,000
Impairment loss on available-for-sale financial asset			(4,000)			-
Fair value gain on derivative financial instruments			-			2,097
Unallocated income			1,553			23,277
Unallocated expenses			(24,453)			(7,272)
Operating profit			678,980			541,133
Segment assets	2,617,933	276,066	2,893,999	1,874,813	411,291	2,286,104
Interest in an associated company			3,134			2,567
Available-for-sale financial assets			33,624			33,624
Derivative financial instruments			-			2,450
Other unallocated assets			31,604			37,156
Total assets			2,962,361			2,361,901
Segment liabilities	776,020	115,774	891,794	628,173	195,859	824,032
Other unallocated liabilities			179,269			130,687
Total liabilities			1,071,063			954,719
Amortisation	2,200	224	2,424	792	841	1,633
Depreciation	103,327	11,553	114,880	82,990	11,962	94,952
Provision for bad and doubtful debts	-	3,721	3,721	-	-	-
Provision for/(write-back of) slow-moving inventories	5,702	(3,222)	2,480	(5,328)	(1,110)	(6,438)
Capital expenditure	222,764	11,563	234,327	156,818	32,229	189,047

Secondary reporting format - geographical segments

	2008 HK$'000	2007 HK$'000
China	4,600,930	3,115,651
The US	600,244	635,552
Others	88,123	102,377
	5,289,297	3,853,580

3. Other income

	2008 HK$'000	2007 HK$'000
Government incentives	4,730	4,866
Income derived from an available-for-sale financial asset	3,000	3,000
Interest income	2,715	4,413
Handling income	1,920	1,110
Tax refund on reinvestment	1,345	23,055
Royalty income	932	385
Gross rental income	599	355
Dividend income	10	44
Others	5,487	2,602
	20,738	39,830

4. Other (losses)/gains – net

	2008 HK$'000	2007 HK$'000
Fair value gain on derivative financial instruments	-	2,097
Impairment loss on an available-for-sale financial asset	(4,000)	-
Loss on disposal of a subsidiary	(3,417)	-
Loss on disposal of fixed assets	(20,235)	(7,835)
Loss on disposal of land use rights	(90)	-
Net exchange gain	1,785	14,415
	(25,957)	8,677

5. Operating profit

Operating profit is stated after charging the following:

	2008 HK$'000	2007 HK$'000
Amortisation of land use rights	1,032	1,633
Amortisation of a license right	1,392	-
Auditors' remuneration	3,663	3,616
Cost of inventories sold including provision for slow-moving inventories of HK$2,480,000 (2007: write-back of HK$6,438,000)	2,092,146	1,646,297
Depreciation of fixed assets	114,880	94,952
Employee benefits expense including directors' emoluments	614,013	466,558
Operating lease rentals (including concessionaire fees) in respect of land and buildings	1,014,450	730,171
Provision for bad and doubtful debts	3,721	-

6. Taxation

The amount of taxation charged/(credited) to the consolidated profit and loss account represents:

	2008 HK$'000	2007 HK$'000
Current taxation		
- Taxation outside Hong Kong	153,805	148,328
- Under/(over) provision in prior years	9,144	(5,796)
Deferred taxation	6,141	(1,234)
	169,090	141,298

No provision for Hong Kong profits tax has been made in the accounts as the Group does not have any assessable profit arising in Hong Kong. Taxation on profits arising outside Hong Kong has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries/places in which the Group operates.

Provision for China enterprise income tax was calculated based on the statutory tax rate of 25% (2007: 33%) on the assessable income of each of the Group's entities except that certain subsidiaries of the Company operating in China are eligible for certain tax exemptions and concessions including tax holiday and reduced corporate income tax rate during the year. Accordingly, the China corporate income tax for such subsidiaries has been provided for after taking account of these tax exemptions and concessions.

7. Dividends

	2008 HK$'000	2007 HK$'000
Interim dividend, paid, of HK2.5 cents (2007: HK2.5 cents) per ordinary share	40,947	40,947
Final dividend, proposed, of HK3.0 cents (2007: HK2.5 cents) per ordinary share	49,137	40,947
	90,084	81,894

At a meeting held on 16 April 2009, the Board proposed a final dividend of HK3.0 cents per share in respect of the year ended 31 December 2008. The proposed dividend is not reflected as a dividend payable in these accounts but will be reflected as an appropriation of retained profits for the year ending 31 December 2009.

8. Earnings per share

The calculation of earnings per share is based on the Group's profit attributable to equity holders of the Company of HK$492,920,000 (2007: HK$384,383,000) and 1,637,892,384 (2007: 1,637,892,384) ordinary shares in issue throughout the year.

Diluted earnings per share for the years ended 31 December 2008 and 31 December 2007 are the same as basic earnings per share since the exercise price of the Company's outstanding share options was higher than the average market price of the Company's shares during the years.

9. Trade receivables

	2008 HK$'000	2007 HK$'000
Trade receivables	166,688	155,062
Less: Provision for impairment of receivables	(3,721)	-
Trade receivables, net	162,967	155,062

The ageing analysis of trade receivables by invoice date is as follows:

	2008 HK$'000	2007 HK$'000
0 - 30 days	152,548	107,125
31 - 60 days	4,642	30,339
61 - 90 days	2,105	8,787
91 - 120 days	1,468	4,250
121 - 180 days	1,394	2,936
181 - 360 days	461	1,419
Over 360 days	349	206
	162,967	155,062

The Group generally allows an average credit period of 30 to 60 days to its trade customers other than major and long standing customers with whom specific extended terms will be agreed between the Group and the relevant counter parties.

10. Trade payables

The ageing analysis of trade payables including balances due to related parties by invoice date is as follows:

	2008 HK$'000	2007 HK$'000
0 - 30 days	166,462	367,157
31 - 60 days	116,134	59,580
61 - 90 days	94,624	18,095
91 - 120 days	8,758	5,827
121 - 180 days	1,424	2,376
181 - 360 days	4,723	4,450
Over 360 days	4,881	3,614
	397,006	461,099

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Brand Business

Brand business is the primary source of profitability for the Group. For the year under review, the business continued to demonstrate stable growth. The Group's prime focus "Daphne", which enjoys a strong reputation across Mainland China, continued to deliver solid growth. The performance of "Shoebox" was satisfactory due to strong mass market demand while the results of the licensed sportswear brand, "adidas", were below expectation during the year due to fierce competition. Other newly-licensed brands, "Sofft" and "Born", "Arezzo" and "Nike" though incurred a loss during the initial stage in 2008 are gaining the Mainland market acceptance.

Distribution of Points-of-Sale by Region as at 31 December 2008

	Own Brands		Licensed Brands		
Region	Daphne	Shoebox	Sportswear	Footwear	Total
Eastern China	1,068	251	49	9	1,377
Central China	431	101	31	-	563
Southern China	397	81	18	-	496
Northeastern China	344	79	30	-	453
Northern China	249	49	28	2	328
Southwestern China	178	30	6	-	214
Northwestern China	128	25	4	-	157
Taiwan	54	-	-	-	54
Total	2,849	616	166	11	3,642

Distribution of Points-of-Sale by City Tier as at 31 December 2008

Brand		Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6	Total
Own Brands	Daphne *	322	582	393	556	465	477	2,795
	Shoebox	86	141	108	134	118	29	616
Licensed Brands	Sportswear	22	57	33	20	27	7	166
	Footwear	6	5	-	-	-	-	11
Total		436	785	534	710	610	513	3,588

* Excluding Daphne's Points-of-Sale in Taiwan

Own Brands

"Daphne"

"Daphne" has been the major profit contributor to the Group. 475 points-of-sale were added during the review year to boost presence of the brand across the Mainland and Taiwan. As at 31 December 2008, Daphne had 1,815 stores, 616 counters and 418 franchised outlets. The number of "Daphne" points-of-sale is summarised as follows:

	As at 31 December 2008	2007	Change
Directly-managed stores			
- D18	347	347	-
- D28	1,331	1,126	+205
- D18 & D28	137	104	+33
	1,815	1,577	+238
Directly-managed counters			
- D18	115	100	+15
- D28	441	379	+62
- D18 & D28	60	39	+21
	616	518	+98
Franchised outlets	418	279	+139
Total	2,849	2,374	+475

In Taiwan, the Group seeks to fine tune its strategies to cope with the ever-changing market conditions, while aiming at further cautiously expanding locally in order to enjoy economies of scale in the near future.

Leveraging the popularity of their respective famed spokespersons, S.H.E and Ms Rene Liu, "Daphne-D18" and "Daphne-D28" reinforced their brand images. Apart from celebrity endorsement, by mounting creative promotional activities including sponsoring special events and TV programmes, the Group also boosted public awareness of the brand in Mainland China.

"Shoebox"

During the year under review, the brand gained wider reputation, while the economic downturn created further opportunities for "Shoebox" that targets the mass market for the demand of good quality but lower-priced footwear. The brand reported more than double in both turnover and operating profit compared with last year. The Group added 270 new stores for the brand during the year, bringing the total to 616.

Licensed Brands

Sportswear

In the first half of the year, bolstered by the advent of the Beijing Olympics, the sportswear brands "adidas" and "Nike" brought in stable revenues for the Group, but the business at large did not perform as well as expected. Keen competition from other international and local brands, together with the financial crisis in the second half year, the segment profit reported an overall decline for the year. Owing to the poor market sentiment and fierce market competition in sportswear market, the Group has been strategically revisiting the development plan of the sportswear business by focusing resources on ladies footwear business. As at 31 December 2008, the Group operated 138 adidias outlets and 28 Nike outlets.

International Footwear

During the year under review, the Group was granted exclusive distribution rights for two international footwear brands, namely "Sofft"/"Born" and "Arezzo", in Mainland China. The Group seeks to further enhance the brand awareness of these two mid-to-high-end ladies brands. As a whole, the two international brands have strengthened their foothold in the high-quality ladies footwear market in Mainland China. The Group operated 6 "Sofft" and 5 "Arezzo" points-of-sale at the end of 2008.

OEM Business

A slow export market and rising raw material and production costs affected the Group's OEM business, which saw a drop in turnover against last year. The segment accounted for 12% (2007: 18%) of the Group's total turnover. The Gro up intends to trim the share of OEM business in its overall operation so as to minimise the negative impact of the slack business on its overall results. In spite of the tough global economic environment, the Group still managed to make its OEM export business profitable in 2008 as a result of the cost control measures and efficient capacity utilisation.

FINANCIAL REVIEW

Results Performance

For the year ended 31 December 2008, the Group's turnover grew by 37% to HK$5,289.3 million (2007: HK$3,853.6 million) and profit attributable to shareholders climbed by 28% to HK$492.9 million (2007: HK$384.4 million). Basic earnings per share of the Group was HK30.09 cents (2007: HK23.47 cents). The Board recommended the payment of a final dividend of HK3.0 cents (2007: HK2.5 cents) per share for the year ended 31 December 2008.

Key Financial Indicators

	For the year ended 31 December	
	2008	2007
Average inventory turnover (days) *(Note 1)*	171	151
Average debtors' turnover (days) *(Note 2)*	11	13
Average creditors' turnover (days) *(Note 3)*	61	71
Capital expenditure (HK$ million)	234.3	189.0
Effective tax rate (%)	25.4	26.7

	As at 31 December	
	2008	2007
Cash and cash equivalents (HK$ million)	148.0	181.7
Bank loans (HK$ million)	270.7	195.0
Equity attributable to holders of the Company (HK$ million)	1,854.5	1,373.1
Current ratio (times) *(Note 4)*	2.04	1.71
Gearing ratio (%) *(Note 5)*	14.6	14.2

Notes:

1. *The calculation of average inventory turnover (days) is based on the average of opening and closing inventory balances divided by cost of sales and multiplied by 365 days.*

2. *The calculation of average debtors turnover (days) is based on the average of opening and closing balances of trade receivables divided by turnover and multiplied by 365 days.*

3. *The calculation of average creditors turnover (days) is based on the average of opening and closing balances of trade payables divided by purchases and multiplied by 365 days.*

4. *The calculation of current ratio (times) is based on the total current assets divided by total current liabilities as at 31 December.*

5. *The calculation of gearing ratio (%) is based on the total bank loans divided by equity attributable to equity holders of the Company as at 31 December.*

For the year ended 31 December 2008, turnover of the brand business surged by 48% to HK$4,646.9 million (2007: HK$3,145.8 million). Sales from "Daphne", "Shoebox", licensed brands and OEM business accounted for 69%, 12%, 7% and 12% (2007: 67%, 8%, 7% and 18%) respectively of the Group's total turnover.

The business performance of individual segment for the year 2008 is summarised as follows:

	Brand business						OEM business	
	Daphne		Shoebox		Sportswear			
(HK$' million)	2008	2007	2008	2007	2008	2007	2008	2007
Turnover	3,626.0	2,562.2	617.0	299.6	399.4	284.1	642.4	707.7
Gross profit	2,172.4	1,426.5	351.9	160.4	176.7	127.2	83.3	115.7
Operating profit	632.3	441.5	52.3	14.1	3.3	26.3	20.0	38.1

The Group managed to increase the operating profit of its brand business by 42% to HK$682.9 million (2007: HK$481.9 million). The segment registered a gross margin and an operating margin of 58% and 15% (2007: 54% and 15%) respectively.

With export to the US market down and costs up, turnover of the OEM business decreased by 9% to HK$642.4 million (2007: HK$707.7 million) and segment profit was also down by 48% to HK$20.0 million (2007: HK$38.1 million). The gross margin and operating margin of the segment were 13% and 3% (2007: 16% and 5%) respectively.

Liquidity and Financial Resources

As at 31 December 2008, the Group's cash and cash equivalents fell 19% to HK$148.0 million from HK$181.7 million as at 31 December 2007. The net decrease of HK$33.7 million is analysed as follows:

	HK$' million
Net cash generated from operating activities	173.2
Capital expenditure	(234.3)
Net dividend paid	(85.6)
Net interest paid	(10.1)
Net bank loans raised	73.5
Proceeds from disposal of land use rights and fixed assets	10.3
Proceeds from disposal of a subsidiary	25.0
Others	0.5
Effect of exchange rate changes	13.8
	(33.7)

As at 31 December 2008, the Group had unutilised banking facilities amounting to HK$182.3 million (2007: HK$257.2 million) and current ratio improved from 1.71 as at 31 December 2007 to 2.04 as at 31 December 2008. The Group has adequate resources currently to support expansion and development of business in the coming year.

The gearing ratio of the Group, calculated on the basis of bank loans denominated in Hong Kong dollar, Renminbi, the US dollar and New Taiwan dollar totaling HK$270.7 million (2007: HK$195.0 million) over shareholders' equity of HK$1,854.4 million (2007: HK$1,373.1 million), was 14.6% (2007: 14.2%) as at 31 December 2008. All bank loans were at floating rates during the year under review.

Foreign exchange risk management

The Group's monetary assets, liabilities and transactions are mainly denominated in Hong Kong dollar, Renminbi, US dollar, Euro and New Taiwan dollar. The management believes the Group's working capital is not exposed to any significant foreign exchange risk. Foreign exchange risk arising from transactions denominated in foreign currencies are managed whenever necessary by the Group, using foreign exchange forward contracts with major and reputable financial institutions.

Pledge of Assets

As at 31 December 2008, the Group had short-term bank loans of HK$92.5 million (2007: HK$68.8 million) secured by certain leasehold buildings of a total net book value of HK$32.5 million (2007: land use rights and leasehold buildings of HK$23.7 million) and an available-for-sale financial assets with nil (2007: nil) carrying value.

Significant Capital Investments

During the year, the Group incurred a capital expenditure of HK$234.3 million (2007: HK$189.0 million) mainly for retail network expansion, construction of office buildings and logistics centres and related equipment.

Contingent Liabilities

As at 31 December 2008, the Group had no significant contingent liabilities.

Human Resources

As at 31 December 2008, the Group had over 21,000 (2007: 24,000) employees in Hong Kong, Taiwan and Mainland China. Employee expenditure for the year under review amounted to HK$614.0 million (2007: HK$466.6 million). The Group values human resources and recognises the importance of retaining high calibre employees. Remuneration packages are generally structured by reference to market terms and the qualifications of individual employees. In addition, share options and discretionary bonuses are granted to eligible employees based on the Group's and an employee's performance. The Group also provides mandatory provident fund schemes, medical insurance schemes, staff purchase discounts and training programmes to employees.

PROSPECTS

The Group plans to continue to expand its points-of-sale network and boost economies of scale. In the coming year, the Group aims to open approximately 350 "Daphne" points-of-sale and 250 "Shoebox" points-of-sale, thus reinforce the positioning of its core brand business. The Group will also focus on growing the "Shoebox" operation and realise its vast potential. Meanwhile, the Group will expand the business in lower-tier cities and selectively in higher-tier cities to increase revenues and penetration.

To maintain profitability, the Group will be strategically focusing more resources on its ladies footwear business to grow "Daphne", "Shoebox", "Sofft" and "Born". The Group will also be open to potential business opportunities to maintain sustainable growth in the medium to long run.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK3.0 cents (2007: HK2.5 cents) per ordinary share for the year ended 31 December 2008. Subject to the approval by shareholders of the Company at the annual general meeting to be held on 27 May 2009, the payment of the final dividend will be paid on or before 5 June 2009 to shareholders whose names appear on the register of members of the Company on 27 May 2009.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 25 May 2009 to 27 May 2009 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the share registrar of the Company in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong no later than 4:00 p.m. on 22 May 2009.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SHARES

The Company has not redeemed any of its shares during the year ended 31 December 2008. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company’s shares during the year.

CORPORATE GOVERNANCE

The Company has complied with the Code of Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) throughout the year.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors (the “Model Code”) as set out in Appendix 10 of the Listing Rules. Following specific enquiry by the Company, all directors of the Company confirmed that they had complied with the required standards as set out in the Model Code during the year ended 31 December 2008.

AUDIT COMMITTEE

The Audit Committee, comprises the three independent non-executive directors of the Company, has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters. The Group’s consolidated accounts have been reviewed and approved by the Audit Committee, who is of the opinion that such accounts comply with the applicable accounting standards, the Listing Rules and all legal requirements, and that adequate disclosures have been made.

ANNUAL GERNAL MEETING

The annual general meeting of the Company will be held on 27 May 2009. A notice of the annual general meeting will be issued and disseminated to shareholders in due course.

PUBLICATION OF RESULTS ANNOUNCEMENT AND REPORT

This results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (http://www.hkex.com.hk) and the Company (http://www.daphneholdings.com). The annual report containing all the information required by the Listing Rules will be dispatched to the shareholders and available on the same websites in due course.

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

Hong Kong, 16 April 2009

As at the date of this announcement, the Board comprises Mr Chen Ying-Chieh, Mr Chen Hsien Min, Mr Chang Chih-Kai being the executive directors and Mr Hsiao Hsi-Ming, Mr Huang Shun-Tsai and Mr Kuo Jung-Cheng being the independent non-executive directors.