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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)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2026

HIGHLIGHTS

- Revenue decreased by 10% to approximately RMB179.2 million
- Operating profit decreased by 15% to approximately RMB59.9 million
- Profit attributable to shareholders of the Company decreased by 24% to approximately RMB49.3 million
- Basic earnings per share was RMB0.025
- Cash and bank balances amounted to approximately RMB537.2 million

* *for identification purpose only*

INTERIM RESULTS

The Board announces the unaudited condensed consolidated interim results of Daphne International Holdings Limited and its subsidiaries for the six months ended 30 June 2026, together with the comparative figures for the corresponding period in 2025.

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026

		Unaudited	
		Six months ended 30 June	
		2026	2025
	Note	RMB'000	RMB'000
Revenue	3	179,180	198,297
Cost of sales		(86,634)	(92,184)
Gross profit		92,546	106,113
Other income	4	29,762	27,114
Other gains/(losses) - net	5	503	(638)
Selling and distribution expenses		(29,214)	(29,431)
General and administrative expenses		(34,037)	(33,815)
Reversal of impairment loss on financial assets		310	1,175
Operating profit	6	59,870	70,518
Finance costs	7	(93)	(112)
Share of profits of associates		45	31
Profit before income tax		59,822	70,437
Income tax expense	8	(10,462)	(5,838)
Profit for the period		49,360	64,599
<i>Attributable to:</i>			
Shareholders of the Company		49,345	64,685
Non-controlling interests		15	(86)
		49,360	64,599
Earnings per share	9		
- Basic (RMB)		0.025	0.033
- Diluted (RMB)		0.024	0.032

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2026**

	Unaudited	
	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Profit for the period	49,360	64,599
	-----	-----
Other comprehensive loss		
<i>Item that may be reclassified to profit or loss:</i>		
Exchange differences on translation of foreign operations	(4,259)	(2,686)
	-----	-----
Total comprehensive income for the period	45,101	61,913
	=====	=====
<i>Attributable to:</i>		
Shareholders of the Company	45,086	61,999
Non-controlling interests	15	(86)
	-----	-----
	45,101	61,913
	=====	=====

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2026

		Unaudited 30 June 2026 RMB'000	Audited 31 December 2025 RMB'000
Non-current assets			
Investment properties		340,672	349,051
Property, plant and equipment		6,137	5,508
Right-of-use assets		5,456	6,962
Interests in associates		1,315	1,270
Time deposits with original maturities over one year		30,187	-
Deferred income tax assets		16,687	16,307
		<u>400,454</u>	<u>379,098</u>
Current assets			
Inventories		5,128	5,358
Trade receivables	11	4,382	6,873
Deposits, prepayments and other receivables		14,763	15,447
Other financial assets		50,268	10,775
Time deposits with original maturities over three months		74,949	83,364
Cash and cash equivalents		432,119	485,947
		<u>581,609</u>	<u>607,764</u>
Current liabilities			
Trade payables	12	34,162	33,698
Accrued charges and other payables		43,025	39,181
Contract liabilities		12,159	33,915
Lease liabilities		4,315	4,529
Current income tax liabilities		4,401	1,321
		<u>98,062</u>	<u>112,644</u>
Non-current liabilities			
Lease liabilities		906	2,537
Deferred income tax liabilities		33,381	32,921
		<u>34,287</u>	<u>35,458</u>
Net current assets		<u>483,547</u>	<u>495,120</u>
Net assets		<u>849,714</u>	<u>838,760</u>
Equity attributable to shareholders			
Share capital		175,202	175,202
Reserves		670,533	659,594
		<u>845,735</u>	<u>834,796</u>
Non-controlling interests		3,979	3,964
Total equity		<u>849,714</u>	<u>838,760</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 General information

The Group is principally engaged in licensing, distribution and sale of footwear products and accessories in Chinese Mainland.

The Company was incorporated in the Cayman Islands with limited liability and its shares are listed on the Stock Exchange. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.

These condensed consolidated interim financial statements are presented in RMB, unless otherwise stated.

These condensed consolidated interim financial statements for the six months ended 30 June 2026 are unaudited and have been reviewed by the Audit Committee and approved for issue by the Board on 18 August 2026.

2 Basis of preparation

These condensed consolidated interim financial statements for the six months ended 30 June 2026 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and they should be read in conjunction with the annual financial statements for the year ended 31 December 2025, which have been prepared in accordance with HKFRS Accounting Standards.

The accounting policies applied in the condensed consolidated interim financial statements for the six months ended 30 June 2026 are consistent with those adopted in the consolidated financial statements for the year ended 31 December 2025, except for the accounting policies below:

The Group has applied the following amended standards for the first time for their reporting period beginning on 1 January 2026 as set out below.

Amendments to HKFRS 7 and HKFRS 9	Classification and Measurement of Financial Instruments
Amendments to HKFRS 7 and HKFRS 9	Contracts Referencing Nature-dependent Electricity
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards – Volume 11
Amendments to HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37	Disclosures about Uncertainties in the Financial Statements

The adoption of the above amended standards did not have any material impact on the Group’s operations or financial position.

The Group has not early adopted any new and amended standards and interpretation that have been issued but are not yet effective.

3 Revenue and segment information

The Group is principally engaged in licensing, distribution and sale of footwear products and accessories in Chinese Mainland.

Chief operating decision-maker has been identified as the executive Directors. Information reported to the executive Directors, for the purposes of resources allocation and assessment of performance, focused specifically on the revenue and the profit or loss of the Group as a whole. Hence, the Directors consider that the Group has only one reportable segment.

The Group's revenue is derived from customers located in Chinese Mainland and most of the non-current assets of the Group are located in Chinese Mainland. Accordingly, no geographical segment information is presented.

	Unaudited	
	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Licensing fee income	69,976	85,153
Sales of goods	109,204	113,144
	<u>179,180</u>	<u>198,297</u>

4 Other income

	Unaudited	
	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Gross rental income	19,325	20,941
Interest income	5,054	5,487
Online store usage fee	3,656	-
Government subsidies	499	9
Others	1,228	677
	<u>29,762</u>	<u>27,114</u>

5 Other gains/(losses) – net

	Unaudited	
	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Fair value gains on financial assets at FVPL	335	230
Gain on disposal of property, plant and equipment	82	6
Net exchange gains/(losses)	86	(874)
	<u>503</u>	<u>(638)</u>

6 Operating profit

Operating profit is stated after charging the following:

	Unaudited	
	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Auditors' remuneration	931	1,003
Cost of inventories sold, including provision for inventories obsolescence of RMB1,418,000 (2025: RMB1,180,000)	86,634	92,184
Depreciation of investment properties	8,379	8,388
Depreciation of property, plant and equipment	1,241	675
Depreciation of right-of-use assets	2,263	1,551
Employee benefits expense	25,292	25,613
Marketing and promotion expenses	9,150	11,117
	<u> </u>	<u> </u>

7 Finance costs

	Unaudited	
	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Interest on lease liabilities	93	112
	<u> </u>	<u> </u>

8 Income tax expense

	Unaudited	
	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Current income tax		
- Chinese Mainland	10,350	660
- Under-provision in prior year	32	-
Deferred income tax	80	5,178
	<u> </u>	<u> </u>
	<u>10,462</u>	<u>5,838</u>

Income tax expense is recognised based on management's estimate of weighted average effective annual income tax rate expected for the full financial year.

9 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company of RMB49,345,000 (2025: RMB64,685,000) by the weighted average number of 1,978,598,429 shares (2025: 1,978,598,429 shares) in issue for the six months ended 30 June 2026.

Diluted earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the adjusted weighted average number of shares, after taking into consideration of the exercise of share options as follows:

	Unaudited	
	Six months ended 30 June	
	2026	2025
	Number of	Number of
	shares	shares
Weighted average number of shares in issue	1,978,598,429	1,978,598,429
Effect of exercise of share options	57,844,898	49,621,345
Adjusted weighted average number of shares for dilution effect	2,036,443,327	2,028,219,774

On the other hand, 11,250,000 share options were not dilutive as the exercise price of these share options exceeded the average market price of the Company's shares for the six months ended 30 June 2026 and 2025 and were excluded in the calculation of diluted earnings per share.

10 Dividends

	Unaudited	
	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Final dividend of HK\$0.02 per share for the year ended		
31 December 2025 (2025: HK\$0.02 per share for the year ended		
31 December 2024) provided for or paid during the period	34,147	36,355

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2026 (2025: Nil).

11 Trade receivables

	Unaudited 30 June 2026 RMB'000	Audited 31 December 2025 RMB'000
Trade receivables	11,494	14,295
Less: loss allowance	(7,112)	(7,422)
Trade receivables - net	<u>4,382</u>	<u>6,873</u>

The ageing analysis of trade receivables, net of loss allowance, based on invoice date is as follows:

	Unaudited 30 June 2026 RMB'000	Audited 31 December 2025 RMB'000
0 - 30 days	2,461	5,380
31 - 60 days	1,689	935
Over 60 days	232	558
	<u>4,382</u>	<u>6,873</u>

The carrying amounts of trade receivables, net of loss allowance, are denominated in RMB and approximate their fair value. The Group generally allows a credit period of 30 to 60 days to its trade customers. Certain customers may have specific extended terms agreed upon with the Group.

12 Trade payables

The carrying amounts of trade payables are considered to be the same as their fair value due to their short-term in nature. The ageing analysis of trade payables based on invoice date is as follows:

	Unaudited 30 June 2026 RMB'000	Audited 31 December 2025 RMB'000
0 - 30 days	33,713	32,984
31 - 60 days	401	493
Over 60 days	48	221
	<u>34,162</u>	<u>33,698</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2026, the international geopolitical landscape remained fraught with uncertainty, particularly due to the USA-Iran conflict, which drove divergent recovery paths across major economies. Overall economic growth faced persistent headwinds amid high inflation, while the escalating USA-Iran conflict sent oil prices soaring, disrupting supply chains and fuelling volatility in raw material procurement. In China, as the 15th Five-Year Plan got underway, the government introduced more proactive and targeted macroeconomic policies to address external shocks. Industrial upgrading advanced steadily, supporting the country's long-term high-quality development agenda. However, the impact of these measures was tempered by persistent external headwinds. According to the National Bureau of Statistics of China, China's economy grew 4.7% year-on-year in the first half of 2026 and expanded 4.3% year-on-year in the second quarter, falling short of market expectations and marking the slowest pace since December 2022. Despite near-term challenges, China's long-term economic fundamentals remain resilient, underpinned by its commitment to high-quality development, technological innovation, and high-standard opening-up.

China's consumer market remained subdued amid heightened external uncertainties and a persistent supply-demand imbalance. For the first half of 2026, total retail sales of consumer goods rose 1.3% year-on-year to RMB24.87 trillion, markedly softer than the same period in 2025 and the full-year for 2025, indicating that the consumer market recovery remained fragile and required further consolidation. Meanwhile, services consumption continued to outperform goods, and online channels outpaced offline retail, reflecting growing structural divergence. Retail sales of goods posted a modest 1.1% year-on-year increase, with monthly performance showing a decelerating trend and even a temporary contraction in May, highlighting fragile consumer demand despite a gradual recovery in confidence. Price-performance and emotional appeal continue to shape purchase decisions, making product differentiation and brand resonance to become key factors enabling companies to capture market demand and enhance their competitiveness.

In the first half of 2026, dragged by the sluggish consumer sentiment, China's e-commerce sector showed clear signs of moderation, with online retail sales of goods rising 4.8% year-on-year, well below prior-year levels, and the "618 Shopping Festival" saw significantly slower expansion. At the same time, e-commerce "involution" intensified, with content-driven e-commerce powering most incremental growth and return rates edging up across platforms. The sector also underwent a shift from a simple focus on low prices toward a more balanced emphasis on quality and value, increasingly influenced by AI-powered experiences and emotional resonance, which together fostered a healthier "premium quality, fair pricing" ecosystem. In parallel, regulatory refinement and market innovation steered e-commerce platforms toward a more regulated and sustainable future. With clearer regulations and stricter enforcement, compliance became an industry imperative, though players reliant on traditional model faced transitional hurdles. Competitive pressure from early adopters drove industry-wide upgrades in service standards, technological capabilities, and ecosystem resilience. As e-commerce, manufacturing, logistics, and content grew increasingly intertwined, new consumption models and scenarios emerged, pivoting the industry from scale expansion toward quality, efficiency, and long-term value creation.

Against the backdrop of a more challenging operating environment, the Group actively deepened cooperation with franchisees, prudently advanced both online and offline development, and continued to invest in brand building and supply chain optimisation, demonstrating steadfast leadership through proactive adaptation.

The Group's Performance

In an operating environment characterised by softer consumer demand and rapid industry transformation, the Group sharpened its strategic focus on core advantages and resilience in response to shifting consumer preferences, technological advancements and changing market dynamics. To better capture diverse consumer segments and broaden its market reach, the Group further refined its dual-brand strategy, continuing to invest in and reinforce "DAPHNE" as its core brand to maintain its leading position in the industry, while developing "DAPHNE.LAB" as a more fashion-forward brand appealing to younger and trend-conscious consumers, thereby enriching the Group's overall brand portfolio to strengthen its business resilience and growth prospects.

Although headline macroeconomic indicators continued to show growth, operating conditions in the domestic retail market remained challenging, and the Group, as a leading retail brand in China women's footwear market, was keenly aware of mounting pressures across both its online and offline operations. Building on its sharpened strategic focus, the Group translated its brand initiatives into concrete operating measures, including a greater emphasis on multi-dimensional deployment across products, channels and branding, clearer positioning and distinctive design, as well as more effective communication. To counter tepid consumer spending, the Group deployed a multi-pronged engagement strategy - leveraging brand ambassadors, designer collaborations, influencer partnerships, cross-over initiatives, and interactive campaigns - to enrich the consumer experience, reinforce brand values, deepen emotional loyalty, and ultimately reignite market interest.

At the product level, the Group refined category segmentation in line with audience needs and preferences, broadened its price range and continued to extend into categories such as children's footwear and handbags, offering value-for-money choices alongside more premium, design-driven options to meet the expectations of different consumer groups. In parallel, the Group tightened quality control to ensure that attractive design is consistently supported by reliable product performance, safeguarding its long-standing reputation, reinforcing customer satisfaction and strengthening its competitive position in an increasingly crowded market.

On the operations front, the Group continued to optimise and promptly adjust its established operating model across brand licensing, distribution and retail business, strengthening adaptability, competitiveness, and risk management capabilities in a changing market environment, while laying a more solid foundation for future growth. It further deepened the management of brand licensing and distribution by carefully selecting partners that align with its market positioning and maintaining close, ongoing communication. This enabled the Group to work closely with franchisees, jointly enhancing market sensitivity and accelerating penetration in a challenging environment. By fostering transparent dialogue and mutual trust, the Group ensured that partners were well-informed of brand direction and strategic priorities, while gaining valuable on-the-ground insights from franchisees, building collective resilience against the headwinds of slowing e-commerce growth and intensifying competition.

At the same time, the Group deployed its online and offline networks with greater precision and flexibility, allocating resources according to market conditions, demographic profiles and channel traffic to reach target audiences more effectively and improve brand exposure. In parallel, it harnessed digital tools and analytics to streamline supply chain processes, automating workflows from order handling to delivery, reducing operating costs, enhancing efficiency and agility, and boosting customer satisfaction and competitiveness.

Through this disciplined and orderly approach, the Group steadily optimised its online-offline footprint and maintained its leading position in the China women's footwear market, enhancing its ability to withstand challenges, capture opportunities, and remain relevant in a fast-changing environment.

Against a backdrop of fragile consumption recovery and ongoing industry adjustments, the Group recorded total revenue of approximately RMB179.2 million (2025: RMB198.3 million), decreased by 10% for the six months ended 30 June 2026, reflecting the headwinds of a complex and evolving market. Nevertheless, recognising that enduring success is built not on short-term tactical gains but on consistent execution against a clearly defined strategic roadmap, the Group remains steadfast in its commitment to high-quality development and long-term value creation. By deepening customer engagement, enhancing brand equity, improving operational efficiency, and strengthening core competitive advantages, the Group endeavours to reinforce its fundamentals to drive sustainable growth.

For the six months ended 30 June 2026, basic earnings per share was RMB0.025 as compared to the basic earnings per share of RMB0.033 for the same period in 2025. The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2026 (2025: Nil).

Brand Licensing and Distribution Business

In the first half of 2026, the “DAPHNE” brand remained the cornerstone of the Group’s brand licensing and distribution business, supporting a sound operational foundation and steadily enhancing its market position. Building on its established presence in the Chinese Mainland, the Group continued to advance brand management as well as the licensing and distribution of products, primarily women’s dress shoes and casual shoes, across online and offline channels. With a clear value proposition that combines fashion and comfort, “DAPHNE” not only retained its loyal core customer base but also attracted a growing number of younger consumers, reinforcing its standing as a contemporary domestic footwear brand.

Leveraging the momentum from last year, the Group further strengthened consumer engagement through its partnership with global spokesperson Victoria Song. Her widespread national recognition and fashion-forward image continued to lend authenticity to the brand and amplified its visibility. This came to life most powerfully through the “International Women’s Day Campaign”, featuring a heartfelt letter from Victoria Song to her 20-year-old self. The letter resonated meaningfully with audiences by encouraging women to prioritise their overall well-being rather than conforming to societal expectations of perfection, generating social media engagement and receiving positive feedback from both end-consumers and fan communities.

Concurrently, the Group elevated the brand’s fashion credentials through a collaboration with designer Jacques Wei during Shanghai Fashion Week in March this year. Upon the launch of the Jacques Wei x “DAPHNE” “CloudSoft” collection, several styles were picked up by multi-brand boutiques, marking encouraging early traction in the curated retail channel. In addition, the Group became a member of the Shanghai Fashion Designers Association (SFDA) in the second quarter, gaining direct access to a nationwide network of leading designers and facilitating knowledge exchange that opens doors to future collaborations. More importantly, it underscores the Group’s long-term commitment to strengthening its presence and brand influence in the fashion industry, positioning the Group as a rising force within China’s fashion ecosystem.

While strengthening its industry standing, the Group also advanced its product development efforts to translate brand credibility into consumer resonance. In May 2026, the Group unveiled the Summer 2026 collection, “Resilient Glow”, under the theme “Grow with Resilience, Breathe with Ease”. With a design language centred on relaxed sophistication and summer ease, the collection balances style and comfort in line with the “Just Be Yourself” brand philosophy, and has drawn encouraging early feedback from the market.

Positive product reception alone, however, did not shield the Group from persistent e-commerce pressures. In recent years, the e-commerce landscape has grown increasingly challenging, with tighter regulations, intensifying competition, and rising return rates pressuring profitability across the women’s footwear industry. While greater regulatory clarity has encouraged a healthier, more standardised industry environment, adapting to the new landscape has been quite an adjustment for some industry players. Leveraging its established presence on high-traffic platforms, the Group strengthened collaboration with franchisees to jointly navigate these headwinds, while implementing stringent quality control measures to safeguard its long-standing reputation.

In response to the diversification of e-commerce channels and the growing fragmentation of consumer traffic, the Group expanded into new product segments across these platforms, including continued development of handbags and children’s footwear, while broadening its price spectrum to cater to the distinct consumer segments across various channels. From affordable, value-for-money options to premium designs for style-conscious consumers, this strategy allows the Group to meet varied preferences and budgets, thereby widening its consumer base and enhancing market penetration across different segments.

Despite ongoing market challenges, the Group remained steadfast in refining its brand licensing strategy to build resilience and steadily advance toward long-term sustainable development. With consumer confidence still in recovery, the Group adhered to a disciplined approach to its online and offline network expansion, prioritising store efficiency and operational excellence over scale, while staying agile in response to the shifting macroeconomic and retail climate. As at 30 June 2026, there were 119 (As at 31 December 2025: 115) physical shops and 1,149 (As at 31 December 2025: 1,050) online shops, operated by our franchisees under the licensing arrangement of the Group.

Retail Business

As an emerging avant-garde brand, “DAPHNE.LAB” has steadily gained market traction, drawing widespread attention through its original, stylish designs and bold, innovative brand spirit, amplified by the Group’s creative marketing efforts. At the heart of “DAPHNE.LAB” lies a commitment to quality, compelling value, originality, and design aesthetics, qualities that appeal to consumers seeking both affordability and emotional resonance. Supported by targeted brand-building investments in market positioning, visual identity, cross-industry campaigns, and customer experience management, “DAPHNE.LAB” has achieved a notable rise in brand awareness and growing popularity among celebrities across Asia, Europe, and the USA, extending its influence beyond its domestic base.

Building on this foundation, the Group continued to strengthen the product development and brand influence of “DAPHNE.LAB” through imaginative collections and promotional campaigns during the Period. In the first quarter of 2026, the Group unveiled the “Dirty Glamour” collection - a bold theme built around animal motifs and a rebellious spirit of perfect imperfection. The collection encouraged consumers to break from convention and embrace a freer, more expressive romance, reinforcing its distinctive brand attitude while strengthening its cultural relevance among style-conscious consumers.

To bring this creative direction to life, the Group held a series of marketing events designed to deepen consumer engagement and build a community around the brand. In January 2026, the new Chengdu COSMO store debuted with a “DAPHNE.LAB” spring exhibition, K-pop dance event, and an idol experience space, creating immersive touchpoints for young and energetic audience. This engagement continued from April to June 2026 with monthly dance challenges held at the Chengdu store, attracting a broader community of dance enthusiasts and closely aligning the brand’s products with vibrant dance scene. In June 2026, the Changsha store opening under the “Dare to Play, Dare to Jump” theme further reinforced the brand’s bold identity, strengthening its emotional resonance with young consumers.

With its avant-garde design ethos that encourages young women to embrace their individuality, “DAPHNE.LAB” has attracted endorsement from prominent celebrities around the world, including leading international girl group members, reinforcing its cultural relevance among young consumers. From music festivals and world tour concerts to variety shows, live streams, and music videos, the brand has gained extensive exposure across diverse entertainment platforms, significantly expanding its reach and building strong brand affinity among trendsetting artists worldwide. Complementing this, the Group forged partnerships with both domestic and overseas influencers across social media platforms, creating impactful content that sparked consumer interest and deepened engagement with global audiences.

In parallel with its digital amplification efforts, the Group took a measured approach to offline expansion by prioritising high-traffic, youth-focused destinations that align with the vibrant brand spirit of “DAPHNE.LAB”, with each store serving as a dynamic space for consumer engagement and brand storytelling. Following the proven success of its Chengdu pop-up store, which delivered notable sales performance and valuable operational insights into high-concept retail, the Group established a permanent store at Chengdu COSMO in January 2026, followed by a second directly-managed store in Changsha in June. As at 30 June 2026, the Group operated 5 directly-managed offline stores and 8 online shops under the brand of “DAPHNE.LAB”, as well as one directly-managed offline store under the brand of “DAPHNE”.

Recognising that supply chain agility is critical to sustained competitiveness, the Group continued to leverage digital tools and standardise logistics processes to boost operational efficiency and maintain quality at scale. This strategic upgrade has not only streamlined day-to-day operations but also positioned the Group to adapt swiftly to evolving consumer patterns and capture emerging opportunities.

FINANCIAL REVIEW

Financial Highlights

	Unaudited For the six months ended 30 June		
	2026	2025	Change
Revenue (RMB' million)	179.2	198.3	-10%
Other income (RMB' million)	29.8	27.1	+10%
Operating profit (RMB' million)	59.9	70.5	-15%
Profit attributable to shareholders (RMB' million)	49.3	64.7	-24%
Operating margin (%)	33.4	35.6	-2.2 ppt
Net margin (%) (Note 1)	27.6	32.6	-5.0 ppt
Basic earnings per share (RMB)	0.025	0.033	-24%
	Unaudited As at 30 June 2026	Audited As at 31 December 2025	Change
Cash and bank balances (RMB' million) (Note 2)	537.2	569.3	-6%
Equity attributable to shareholders (RMB' million)	845.7	834.8	+1%
Current ratio (times) (Note 3)	5.9	5.4	+9%
Net gearing ratio (%) (Note 4)	Net cash	Net cash	N/A

Notes:

1. The calculation of net margin (%) is based on profit attributable to shareholders divided by revenue for the relevant period.
2. Cash and bank balances comprise cash and cash equivalents and time deposits with original maturities over three months and over one year.
3. The calculation of current ratio (times) is based on total current assets divided by total current liabilities as at the relevant period/year end.
4. The calculation of net gearing ratio (%) is based on net debt (being lease liabilities less cash and bank balances) divided by equity attributable to shareholders as at the relevant period/year end.

Revenue and Gross Profit

The Group's revenue mainly comprises licensing fee income and sales of goods in Chinese Mainland. During the Period, the Group's total revenue amounted to approximately RMB179.2 million (2025: RMB198.3 million), a decrease of 10% compared to the corresponding period in 2025.

	Unaudited For the six months ended 30 June		Change
	2026 RMB' million	2025 RMB' million	
Licensing fee income	70.0	85.2	-18%
<i>Sales of goods - wholesale</i>	95.7	102.7	-7%
<i>Sales of goods - retail</i>	13.5	10.4	+30%
Total sales of goods	109.2	113.1	-3%
Cost of sales	(86.6)	(92.2)	-6%
Gross profit from sales of goods	22.6	20.9	+8%
<i>Gross margin from sales of goods</i>	20.7%	18.5%	+2.2 ppt
Total revenue	179.2	198.3	-10%
Total gross profit	92.6	106.1	-13%

During the first half of 2026, revenue from licensing fee income decreased by 18% from approximately RMB85.2 million to approximately RMB70.0 million, mainly attributable to the decrease in overall volume of footwear products and accessories licensed and more rebates provided to the online franchisees compared to the corresponding period in 2025.

The Group also engages in the distribution of footwear products and accessories for better quality control and supply chain management to both online and offline franchisees. During the Period, revenue from wholesale of goods amounted to approximately RMB95.7 million (2025: RMB102.7 million), representing a decrease of 7% compared to the same period last year, primarily due to the decrease in sales volume of products to our franchisees.

During the Period, the Group's revenue from retail business, primarily for the online and offline shops of "DAPHNE.LAB" and "DAPHNE" brands, was approximately RMB13.5 million (2025: RMB10.4 million), representing an increase of 30% compared to the corresponding period last year. Such increase in revenue was mainly due to the addition of both online and offline shops during the Period.

The Group's revenue from total sales of goods decreased by 3% to approximately RMB109.2 million during the Period compared to approximately RMB113.1 million for the corresponding period in 2025. Gross margin from sales of goods improved to 20.7% from 18.5% during the Period. Such better gross margin from sales of goods was mainly attributable to the higher margin of retail sales.

Total revenue and total gross profit dropped by 10% and 13%, to approximately RMB179.2 million (2025: RMB198.3 million) and to approximately RMB92.6 million (2025: RMB106.1 million), respectively, during the Period. These drops were mainly due to the decrease in licensing fee income compared to the corresponding period last year.

Other Income

During the Period, the Group's other income was approximately RMB29.8 million (2025: RMB27.1 million), mainly comprising gross rental income of approximately RMB19.3 million (2025: RMB20.9 million) from investment properties, bank interest income of approximately RMB5.1 million (2025: RMB5.5 million) and online store usage fee of approximately RMB3.7 million (2025: Nil).

Operating Expenses

The Group's operating expenses (including other gains/(losses) – net, selling and distribution expenses, general and administrative expenses, and reversal of impairment loss on financial assets) were approximately RMB62.4 million during the Period, which remained at a similar level compared to the operating expenses of approximately RMB62.7 million for the corresponding period in 2025.

Operating Profit

For the first half of 2026, the Group recorded an operating profit of approximately RMB59.9 million, representing a decrease of approximately RMB10.6 million or 15% compared to the operating profit of approximately RMB70.5 million in the corresponding period in 2025. The decrease was mainly due to the drop in revenue and gross profit during the Period.

Finance Costs

Finance costs represent interest on lease liabilities amounting to approximately RMB0.1 million (2025: RMB0.1 million) during the Period.

Income Tax Expense

During the Period, the Group's income tax expense was approximately RMB10.5 million, compared to approximately RMB5.8 million for the same period last year. The significant increase by approximately RMB4.7 million or 79% was primarily due to less tax losses to be utilised.

Profit Attributable to Shareholders

During the Period, profit attributable to shareholders of the Company was approximately RMB49.3 million (2025: RMB64.7 million), representing a decrease of approximately RMB15.4 million or 24% compared to the corresponding period in 2025. Basic earnings per share was RMB0.025 (2025: RMB0.033) during the Period.

Liquidity, Financial Resources and Capital Structure

As at 30 June 2026, the Group's cash and bank balances amounted to approximately RMB537.2 million (As at 31 December 2025: RMB569.3 million). These comprised time deposits with original maturities over three months and over one year of approximately RMB105.1 million (As at 31 December 2025: RMB83.4 million) and cash and cash equivalents of approximately RMB432.1 million (As at 31 December 2025: RMB485.9 million), which were denominated mainly in RMB, HK\$ and United States dollars. For the first half of 2026, the net decrease in cash and cash equivalents is analysed as follows:

	Unaudited	
	For the six months ended 30 June	
	2026	2025
	RMB' million	RMB' million
Net cash inflow from operating activities	44.9	38.5
Capital expenditure	(1.9)	(0.2)
Proceeds from disposal of property, plant and equipment	0.1	-
Placement of time deposits with original maturities over three months and over one year	(104.6)	(102.6)
Redemption of time deposits with original maturities over three months	82.1	-
Payments for purchases of financial instruments	(50.0)	-
Proceeds from redemption of financial instruments	10.9	-
Bank interest received	5.4	4.8
Dividend paid to shareholders of the Company	(34.1)	(35.8)
Lease payments	(2.7)	(1.6)
Net decrease in cash and cash equivalents	(49.9)	(96.9)

For the first half of 2026, the Group had received bank interest of approximately RMB5.4 million (2025: RMB4.8 million). The Group had placed time deposits with original maturities over three months and over one year amounting to approximately RMB104.6 million (2025: RMB102.6 million) during the Period.

Generally, the Group also purchases financial instruments, including but not limited to wealth management products, structured deposits and certificates of deposit, which are classified as financial assets at FVPL or at amortised cost. The purchases of financial instruments are carried out by the Group for treasury management purpose in order to maximise the utilisation of surplus cash. The Group considers that the purchases of the financial instruments will provide the Group with better returns than the returns on deposits generally offered by commercial banks, and would not affect the working capital or the normal business operation of the Group. As such, management is of the view that the purchases of the financial instruments are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

During the Period, the Group purchased certain certificates of deposit amounting to approximately RMB50.0 million (2025: Nil) from various commercial banks in Chinese Mainland. The Group also redeemed certificates of deposit amounting to approximately RMB10.9 million (2025: Nil) from a commercial bank in Chinese Mainland during the Period. As all the applicable percentage ratios in respect of the purchases and the redemption of the aforesaid certificates of deposit during the Period, whether on a standalone basis or on an aggregate basis, are less than 5%, none of them constituted a notifiable transaction of the Company under Chapter 14 of the Listing Rules. The fair value gains on financial assets at fair value through profit or loss were approximately RMB0.3 million (2025: RMB0.2 million) during the Period.

As at 30 June 2026, the Group had certificates of deposit with carrying amount of approximately RMB50.3 million (As at 31 December 2025: RMB10.8 million), bearing fixed interest rates from 1.20% to 1.75% per annum and having maturities of 12 to 36 months from January 2026 to March 2029.

As at 30 June 2026, the Group's equity attributable to shareholders amounted to approximately RMB845.7 million (As at 31 December 2025: RMB834.8 million). The Group's net gearing ratio remained in net cash (As at 31 December 2025: net cash) position and the current ratio further improved to 5.9 times (As at 31 December 2025: 5.4 times). Management will continuously monitor the Group's financial performance and liquidity position and believes that the Group has sufficient working capital and financial resources for its operation in future.

Foreign Exchange Risk Management

Foreign exchange risk arises from commercial transactions and recognised assets and liabilities denominated in currencies other than the functional currency of the Group's entities to which they operate. The Group is mainly exposed to foreign exchange risk with respect to HK\$ and United States dollars.

The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and the Group may use forward foreign exchange contracts when major fluctuation in the relevant foreign currency is anticipated. During the Period the Group did not enter into any foreign exchange forward contract to hedge the foreign exchange risk exposure. Any significant exchange rate fluctuations of foreign currencies against Renminbi may have had financial impact on the Group.

Significant Investments

As at 30 June 2026, the Group did not have any significant investments.

Future Plans for Material Investments and Capital Assets

As at 30 June 2026, the Group did not have any future plans for material investments or capital assets.

Pledge of Assets

As at 30 June 2026 and 31 December 2025, the Group had no pledged or charged assets.

Capital Expenditure and Commitments

During the Period, the Group incurred capital expenditure of approximately RMB1.9 million (2025: RMB0.2 million) primarily for leasehold improvements and acquisition of a motor vehicle. As at 30 June 2026 and 31 December 2025, the Group did not have any material capital commitments.

Contingent Liabilities

As at 30 June 2026 and 31 December 2025, the Group did not have any significant contingent liabilities.

Human Resources

The Group values its human resources and recognises the importance of retaining high calibre employees. Remuneration packages are generally structured with reference to market conditions and terms as well as individual qualifications. In addition, share options and discretionary performance bonuses are granted to eligible employees based on the performance of the Group and of the individual employees. The Group also provides various retirement plans, medical insurance schemes, staff purchase discounts and training programmes to employees in Chinese Mainland and Hong Kong.

As at 30 June 2026, the Group had a total of 133 (As at 31 December 2025: 123) full-time and part-time employees predominantly in Chinese Mainland and Hong Kong. Employee benefits expense comprising directors' emoluments during the Period was approximately RMB25.3 million (2025: RMB25.6 million), in which, no share-based payment expense was incurred (2025: Nil).

OUTLOOK

Looking ahead to the second half of 2026, the global economic landscape remains complex. Geopolitical uncertainties, particularly the recurrent risk of the USA-Iran conflict, are likely to keep shipping costs and crude oil prices volatile, sustaining inflationary pressures and prompting continued adjustments in global supply chains. External headwinds are expected to pose mounting difficulties to China's domestic stability and development. Nonetheless, solid economic fundamentals, pro-growth policies, new and positive momentum, and gradual demand recovery should support steady growth over time. In the short-term, persistent uncertainties and sluggish consumer demand are expected to continue weighing on the industry.

Against this backdrop, the Group will navigate market challenges with prudence, staying firmly committed to its overall strategic direction while advancing its business at a steady and measured pace. Looking beyond near-term headwinds, the Group remains confident in the long-term prospects of China's retail market, bolstered by its vast market scale, resilient economic fundamentals, and ongoing consumption upgrades.

In response to cautious consumer sentiment and severe competition among e-commerce platforms, the Group will closely monitor policy directions and market developments, adapting its product design, category mix, production capabilities, and marketing and distribution channels as circumstances evolve. It will remain committed to its diversified business model that integrates brand licensing, distribution, and direct retail operations as the cornerstone of its resilience strategy. To further strengthen its business fundamentals, the Group will step up investment in product quality and competitiveness, category expansion, supply chain optimisation, and the development of its licensing and franchising networks, while reinforcing brand equity. These measures are expected to provide greater flexibility and agility, enabling the Group to meet the evolving needs of increasingly value-conscious and quality-focused consumers, seize new opportunities and sustain its competitive advantage.

Strategically, the Group will continue to strengthen its online presence, expand its e-commerce footprint and stay attuned to shifting traffic patterns to capture opportunities in the dynamic digital retail landscape. By closely monitoring these trends, the Group aims to identify and penetrate distinct market segments across platforms to broaden its customer base and unlock new growth. Offline, the Group will proceed with measured caution in line with management's strategic goals. While awaiting a full recovery in offline retail, supported by pro-consumption policies, it will pursue network expansion in a prudent yet adaptable manner, adjusting its franchise network in response to macroeconomic conditions, retail market dynamics, and store efficiency. In parallel, the Group plans to replicate the "DAPHNE.LAB" store model in selected emerging first-tier cities, targeting locations with lower market saturation and favourable demographics, and will move forward as opportunities emerge. In addition, the Group will leverage its core strengths and franchisee partnerships across online and offline channels to deliver an engaging consumer experience and enhance brand equity, thereby reinforcing its market leadership and laying a solid foundation for sustainable growth.

By keeping abreast of consumer needs and building on its established brands, operational capabilities, and culture of innovation, the Group is well-equipped to navigate near-term challenges with resilience. This combination of agility and strategic focus will support the Group in maintaining its competitive edge and creating lasting value for customers, partners and shareholders.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares (including sale of treasury shares) during the Period. As at 30 June 2026, the Company did not have any treasury share.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

The Group did not have any material acquisition or disposal of subsidiaries, associates or joint ventures during the Period.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as a code of conduct regarding the dealing in securities of the Company by its Directors. Having made specific enquiry with all Directors, all Directors have confirmed that they have complied with the required standards as set out in the Model Code and its code of conduct regarding directors' securities transactions during the Period.

The Company also requires the relevant officers and employees of the Group who, because of such office or employment, are likely to possess inside information in relation to the Company or its securities, be also bound by the Model Code, which prohibits them to deal in securities of the Company at any time when he/she possesses inside information in relation to those securities. No incident of non-compliance of the Model Code by the relevant officers and employees was noted by the Company during the Period.

CHANGES IN DIRECTORS' INFORMATION

There was no change in Directors' details since the date of the Annual Report 2025 and up to the date of this announcement which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has applied the principles set out in the CG Code. Throughout the Period, the Company has complied with all the applicable code provisions set out in Part 2 of the CG Code.

The Board will continue to enhance its corporate governance practices appropriate to the operation and growth of its business and to review such practices from time to time to ensure that the Company complies with statutory and professional standards and align with the latest development.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and to the knowledge of the Directors throughout the Period and up to the date of this announcement, the Company has maintained the prescribed public float of at least 25% of the Company's total issued Shares (excluding any treasury shares) as required by the Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events subsequent to 30 June 2026 and up to the date of this announcement that would have a material effect on the Group.

REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The Audit Committee has reviewed the Group's unaudited condensed consolidated interim financial statements for the six months ended 30 June 2026 and was satisfied that these unaudited condensed consolidated interim financial statements were prepared in accordance with applicable accounting standards.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the websites of the Company (www.daphneholdings.com) and the HKEXnews (www.hkexnews.hk). The Interim Report 2026 containing all the information required by the Listing Rules will be despatched to the Shareholders and available on the same websites in due course.

By Order of the Board
Daphne International Holdings Limited
Chang Chih-Kai
Chairman

Hong Kong, 18 August 2026

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Chang Chih-Kai, Mr. Chang Chih-Chiao and Ms. Chang Wan-Hsun; one non-executive Director, namely Mr. Wang Jungang and three independent non-executive Directors, namely Mr. Hon Ping Cho Terence, Mr. Tan Philip and Ms. Hsu Wen-Kuan.

GLOSSARY

“Audit Committee”	the audit committee of the Board
“Board”	the board of directors of the Company
“CG Code”	Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Company”	Daphne International Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 210)
“Director(s)”	the director(s) of the Company
“FVPL”	fair value through profit or loss
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS(s)”	Hong Kong Financial Reporting Standard(s)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Period”	the six months ended 30 June 2026
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited