

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of Daphne International Holdings Limited.

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)

**AMENDMENT TO THE TERMS OF RMB DENOMINATED US DOLLAR
SETTLED 3.125% CONVERTIBLE BONDS DUE 2014**

AMENDMENT TO THE TERMS OF THE BONDS

The board of directors of Daphne International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) hereby announces an amendment to the terms of the Bonds pursuant to a Deed of Amendment (the “**Deed of Amendment**”) executed by the Company on 25 April 2014 and a written resolution passed by the Investor (the “**Written Resolution**”), being the sole Bondholder.

BACKGROUND INFORMATION

Reference is made to the announcement of the Company dated 25 May 2009 (the “**Announcement**”). Unless otherwise defined herein, terms used in this announcement shall have the meanings given to them in the Announcement.

DEED OF AMENDMENT

On 25 April 2014, the Company executed the Deed of Amendment and the Investor, as the sole Bondholder, passed a written resolution (the “**Written Resolution**”), pursuant to which, with effect from the date on which the conditions precedent set out below are satisfied (such date being the “**Effective Date**”), the terms of the Bonds will be amended to the effect that:

* *for identification purpose only*

- (a) the maturity date of the Bonds will be extended to 24 April 2015;
- (b) all interest (including default interest under the terms of the Bond Instrument, if any) accrued but unpaid under the Bonds for the period on or prior to the Effective Date will be irrevocably waived by the Investor and the Bonds will not carry any interest after the Effective Date (save for default interest which may be accrued under the terms of the Bond Instrument after the Effective Date, if any); and
- (c) if, during the Conversion Period, the closing price for the Shares is equal to or higher than HK\$4.25 for 14 consecutive trading days (the last such trading day being the “**Trigger Date**”), the Investor shall be required to convert the Bonds into the Shares in accordance with the relevant terms of the Bonds by serving a conversion notice within 10 Business Days following the Trigger Date.

Save as set out above, all other terms of the Bonds will remain unchanged including that, subject to certain adjustments under the Bond Instrument, 178,510,572 conversion shares will be issued upon full conversion of the Bonds (based on the initial conversion price of HK\$3.50 per share, with the exchange rate fixed at HK\$ 1.00 = RMB 0.8803 under the Bond Instrument).

CONDITION PRECEDENT TO THE AMENDMENTS TO THE TERMS OF THE BONDS

The amendments to the terms of the Bonds are conditional on the satisfaction of the following conditions:

1. the Stock Exchange having granted its approval in writing to the amendments to the terms of the Bonds; and
2. the Listing Committee of the Stock Exchange having approved the listing of, and granted the permission to deal in, the Conversion Shares.

The amendments to the terms of the Bonds shall become effective immediately on the satisfaction of the above conditions.

If the above conditions have not been satisfied within 14 days of the date of the Deed of Amendment (or such other date as the Company and the Investor may agree), the Deed of Amendment will automatically terminate and the proposed amendments to the Bonds will not take effect.

The Conversion Shares under the Bonds (as amended by the Deed of Amendment) will be allotted and issued under the general mandate granted to the Directors at the Company’s annual general meeting held on 13 May 2013, which authorised the Directors to allot, issue or otherwise deal with up to 329,748,476 Shares, representing approximately 20% of the issued share capital of the Company as at that date. As at the date hereof, no Shares have been issued pursuant to the existing general mandate.

REASONS FOR THE AMENDMENT

The Company believes that the amendment to the terms of the Bonds removes any uncertainty surrounding the redemption of the Bonds that, without such amendment, would have matured in June 2014. This extension of the final maturity date of the Bonds allows the Group continuity and greater flexibility in implementing its strategic and operating initiatives, while also allowing the Company to benefit from reduced on-going financing costs as the Bonds will be interest free from the Effective Date.

The Company values the contribution from the Investor during the past five years and its role as a value-added partner in enhancing the Company's corporate development and strengthening its competitiveness in a rapidly changing retail market. With the modifications to the terms of the Bonds, the Company looks to further its relationship with the Investor. The modifications to the terms of the Bonds increase the possibility that the Bonds will be converted into Shares and have created the opportunity for the Investor to continue to be a stakeholder in the Company.

The Board believes that the amendments to the Bonds, agreed after arm's length negotiations with the Investor, are fair and reasonable and in the best interests of the Company.

TERMINATION OF ANNUAL ADVISORY FEE

The Company and Investor have further agreed that with effect from 1 January 2014, an annual advisory fee of US\$300,000 payable by the Company to TPG Capital Management, L.P. (formerly known as TPG Capital, L.P.), an affiliate of the Investor, under the terms of the Investment Agreement shall be terminated and cease to be payable.

LISTING RULES IMPLICATIONS

Pursuant to Rule 28.05 of the Listing Rules, any alteration in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where alterations take effect automatically under the existing terms of such convertible debt securities. The Company has applied to the Stock Exchange for approval for the amendments contemplated by the Deed of Amendment and the Written Resolution pursuant to Rule 28.05 of the Listing Rules.

The Company will also apply to the Listing Committee of the Stock Exchange for approval for the listing of, and permission to deal in, the Conversion Shares.

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

Hong Kong, 25 April 2014

As at the date of this announcement, the Board comprises Mr. Chen Ying-Chieh, Mr. Chang Chih-Chiao, Mr. Chang Chih-Kai and Mr. Chen Tommy Yi-Hsun being the executive directors, Mr. Kim Jin-Goon being the non-executive director (with Mr. Lau Wai Kei, Ricky as the alternate); Mr. Huang Shun-Tsai, Mr. Kuo Jung-Cheng and Mr. Lee Ted Tak Tai being the independent non-executive directors.