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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)

**RESIGNATION OF NON-EXECUTIVE DIRECTOR, VICE CHAIRMAN AND
MEMBER OF REMUNERATION COMMITTEE
AND
APPOINTMENT OF EXECUTIVE DIRECTOR AND
MEMBER OF REMUNERATION COMMITTEE**

The Board announces that:

- (1) Mr. Chen Hsien Min has tendered his resignation as a non-executive director of the Company, the vice chairman of the Board and a member of the remuneration committee of the Company with effect from 31 December 2011. Subsequent to his resignation, Mr. Chen Hsien Min will be appointed as a senior consultant of the Company for a term of three years commencing on 1 January 2012;
- (2) Mr. Chen Tommy Yi-Hsun has been appointed as an executive director of the Company and Mr. Chen Ying-Chieh, the chairman of the Board and the chief executive officer of the Company, has been appointed as a member of the remuneration committee of the Company with effect from 31 December 2011; and
- (3) an emolument of HK\$30,000,000 is payable to Mr. Chen Hsien Min upon his resignation as a director of the Company. As all the applicable percentage ratios (as defined in Chapter 14 of the Listing Rules) for the payment of emolument exceed 0.1% but are less than 5%, it constitutes an exempt connected transaction of the Company under Listing Rules and is subject to the reporting and announcement requirements.

**RESIGNATION OF NON-EXECUTIVE DIRECTOR, VICE CHAIRMAN AND MEMBER OF
REMUNERATION COMMITTEE**

The board of directors (the "Board") of Daphne International Holdings Limited (the "Company") announces that Mr. Chen Hsien Min has tendered his resignation as a non-executive director of the Company, the vice chairman of the Board and a member of the remuneration committee of the Company with effect from 31 December 2011, as he would like to concentrate on other interests. On 1 January 2012, Mr. Chen Hsien Min will be appointed as a senior consultant of the Company for an initial term of three years and no fixed emolument is payable.

Mr. Chen Hsien Min has confirmed that he has no disagreement with the Board and there is no matter that needs to be brought to the attention of the shareholders of the Company in relation to his resignation from the above-mentioned capacities.

Mr. Chen Hsien Min is one of the founders of the Company and its subsidiaries (the “Group”) and he has been with the Group for over 23 years. Mr. Chen Hsien Min was re-designated as a non-executive director of the Company in January 2011. To express its sincere gratitude to Mr. Chen Hsien Min for his invaluable contribution to the Group during his tenure of office, the Board determined an emolument, in addition to the director’s fee, of HK\$30,000,000 (the “Emolument”) to be paid to Mr. Chen Hsien Min in January 2012. The directors of the Company, including the independent non-executive directors, are of the view that the Emolument to Mr. Chen Hsien Min is fair and reasonable and in the interests of the Group and shareholders of the Company as a whole.

Mr. Chen Hsien Min is the father of Mr. Chen Tommy Yi-Hsun who is appointed as an executive director of the Company on 31 December 2011. As at the date of this announcement, Mr. Chen Hsien Min holds 12,000,000 share options under the share option scheme of the Company. Mr. Chen Hsien Min is a connected person of the Company for the purposes of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the payment of the Emolument constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios for the transaction exceed 0.1% but are less than 5%, it is only subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules, and is not subject to the independent shareholders’ approval requirements under the Listing Rules. Mr. Chen Hsien Min has abstained from voting on the relevant resolutions of the Board approving the Emolument.

The Board confirms that Mr. Chen Hsien Min’s resignation will not cause any material adverse impact to the operations of the Group.

APPOINTMENT OF EXECUTIVE DIRECTOR

The Board also announces that Mr. Chen Tommy Yi-Hsun has been appointed as an executive director of the Company with effect from 31 December 2011.

Mr. Chen Tommy Yi-Hsun, aged 30, is currently the administrative director of the Company with focus on planning and management of the Group’s manufacturing business. Prior to joining the Group in August 2004, Mr. Chen Tommy Yi-Hsun worked in footwear trading and manufacturing companies and he has over 8 years of experience in footwear trading and manufacturing industries. Mr. Chen Tommy Yi-Hsun graduated from the University of Victoria in Canada with a bachelor’s degree in arts.

Mr. Chen Tommy Yi-Hsun is the son of Mr. Chen Hsien Min and a cousin of Mr. Chen Ying-Chieh, Mr. Chang Chih-Kai and Mr. Chang Chih-Chiao. Both Mr. Chang Chih-Kai and Mr. Chang Chih-Chiao are executive directors of the Company. As at the date of this announcement, Mr. Chen Tommy Yi-Hsun has 50% beneficial interest in Top Glory Assets Limited which holds 200,846,895 shares of the Company, and including 4,000,000 underlying shares of the Company pursuant to share options within the meaning of Part XV of the Securities and Futures Ordinance, Mr. Chen Tommy Yi-Hsun is interested or deemed to be interested in 204,846,895 shares of the Company, representing approximately 12.48% of the issued share capital of the Company.

There is no service contract nor any fixed terms of service entered into between Mr. Chen Tommy Yi-Hsun and the Company. The remuneration of Mr. Chen Tommy Yi-Hsun is determined by the Board with reference to prevailing market conditions, his roles and responsibilities. Pursuant to the Company's Articles of Association, Mr. Chen Tommy Yi-Hsun is subject to the retirement by rotation and re-election at the Company's annual general meeting.

Save as disclosed above, Mr. Chen Tommy Yi-Hsun does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company and he has not held directorship in any other listed public companies in the past three years.

Save as disclosed above, Mr. Chen Tommy Yi-Hsun is not aware of any other matters that need to be brought to the attention of the shareholders of the Company nor is there any information to be disclosed by the Company pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules in relation to his appointment.

The Board would like to express its warm welcome to Mr. Chen Tommy Yi-Hsun in joining the Board.

APPOINTMENT OF MEMBER OF REMUNERATION COMMITTEE

The Board further announces that Mr. Chen Ying-Chieh has been appointed as a member of the remuneration committee of the Company with effect from 31 December 2011. Mr. Chen Ying-Chieh is the chairman of the Board, the chief executive officer, an authorised representative and a member of the nomination committee of the Company. No emolument is payable to Mr. Chen Ying-Chieh for acting as a member of the remuneration committee of the Company.

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

Hong Kong, 29 December 2011

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

* *for identification purpose only*