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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)

DISCLOSEABLE TRANSACTION

DISPOSAL OF 100% EQUITY INTEREST IN A SUBSIDIARY

THE EQUITY TRANSFER AGREEMENT

The Board hereby announces that on 16 December 2020 (after trading hours), the Vendor and the Purchasers entered into the Equity Transfer Agreement, pursuant to which the Vendor has agreed to sell and the Purchasers have agreed to purchase 100% equity interest in the Target Company at the Consideration, on and subject to the terms and conditions of the Equity Transfer Agreement.

The Target Company is principally engaged in holding of an investment property in the PRC, which was used as a warehouse for leasing purpose.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the Disposal exceeds 5% but all are below 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

THE DISPOSAL

The principal terms of the Equity Transfer Agreement are as follows:

Date

16 December 2020 (after trading hours)

** for identification purpose only*

Parties

Vendor: Gentlefit Trading Limited (祥田貿易有限公司), a wholly-owned subsidiary of the Company

Purchasers: Mr. Zhang Yu (張宇)
Mr. Zhang Hang (張航)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Purchasers is an Independent Third Party.

Subject Matter of the Disposal

Pursuant to the Equity Transfer Agreement, the Vendor has agreed to sell and the Purchasers have agreed to purchase 100% of the equity interest in the Target Company, on and subject to the terms and conditions of the Equity Transfer Agreement.

The Target Company is principally engaged in holding of an investment property in the PRC, which was used as a warehouse for leasing purpose.

Consideration and Payment Terms

The Consideration payable by the Purchasers to the Vendor for the Disposal is RMB19,529,154 (the HK dollar equivalent being approximately HK\$23,239,693), which was determined following commercial and arm's length negotiations between the Company and the Purchasers with reference to the financial performance and the net asset value of the Target Company.

The Consideration shall be paid by the Purchasers upon completion of the Disposal on or before 31 December 2020 or such later date upon having obtained the necessary regulatory approvals in the PRC.

In addition, the Purchasers shall pay RMB10,000,000 prior to the completion of the Disposal as deposit, which shall be refunded to the Purchasers upon the Vendor's receipt of the Consideration in full.

Completion

The Vendor and the Purchasers shall cooperate to ensure that the registration filings of the equity transfer contemplated under the Equity Transfer Agreement are approved and registered by the relevant regulatory authorities of the PRC to effect completion to the Disposal. Following completion of the Disposal, the Target Company will cease to be a subsidiary of the Company.

INFORMATION OF THE TARGET COMPANY

The Target Company is principally engaged in holding of an investment property in the PRC, which was used as a warehouse for leasing purpose.

The following summarises the unaudited financial information of the Target Company for the two years ended 31 December 2019 prepared in accordance with the generally accepted accounting principles in the PRC (which had been adjusted with the Hong Kong Financial Reporting Standards):

	For the year ended 31 December 2019 <i>(RMB)</i>	For the year ended 31 December 2018 <i>(RMB)</i>
Net profit/(loss) before taxation	(322,986)	275,357
Net profit/(loss) after taxation	(391,155)	237,735

The unaudited net asset value of the Target Company as at 30 June 2020 was approximately RMB21,223,508.

FINANCIAL EFFECTS FROM THE DISPOSAL

Following completion of the Disposal, the Target Company will cease to be a subsidiary of the Company. The Company estimates a loss of approximately HK\$30,000 on the Disposal (before taxation) with reference to the Target Company's unaudited net asset value. The actual loss as a result of the Disposal to be recorded by the Group shall be subject to final audit to be performed by the Company's auditors.

REASONS FOR AND BENEFITS FOR THE DISPOSAL

Having regard to the prevailing market conditions and the business need of the Group, the Directors are of the view that the Disposal represents a good opportunity for the Group to dispose obsolete assets not required for the business of the Group and enhances the liquidity of the Group. The Directors consider that the Disposal is on normal commercial terms and that such terms are fair and reasonable and in the interests of the Company and shareholders as a whole.

The net proceeds from the Disposal will be approximately RMB19,529,154 (the HK dollar equivalent to approximately HK\$23,239,693). The Group intends to use approximately 50% of the net proceeds to settle trade payables to suppliers and approximately 50% of the net proceeds for payment of operating expenses (such as rental expenses, professional fees and employee costs).

GENERAL

The Company is principally engaged in the distribution and retailing of footwear and accessories in the PRC. The Vendor is a wholly-owned subsidiary of the Company and an investment and trademark holding company incorporated in Hong Kong.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchasers are individuals who are Independent Third Parties.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the Disposal exceeds 5% but all are below 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

Unless the context otherwise requires, the following terms shall have the meanings set out below:

Board	the board of directors of the Company
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)
Consideration	RMB19,529,154, being the aggregate consideration for the Disposal
Director(s)	directors of the Company
Disposal	the disposal of 100% equity interest in the Target Company by the Vendor to the Purchasers on and subject to the terms of the Equity Transfer Agreement
Equity Transfer Agreement	the equity transfer agreement dated 16 December 2020 (after trading hours) between the Vendor, as vendor and the Purchasers, as purchasers in relation to the Disposal
Group	the Company and its subsidiaries
HK dollar equivalent	the amount (if stated in RMB), the amount in HK dollar after conversion using the fixed exchange rate of RMB1.00 to HK\$1.19

HK\$	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of the People's Republic of China
Independent Third Party	person who is not a connected person (as defined in the Listing Rules) of the Company and is a third party independent of and not connected with the Company or its connected persons (as defined in the Listing Rules)
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
PRC	the People's Republic of China
Purchasers	Mr. Zhang Yu (張宇) and Mr. Zhang Hang (張航), each a PRC individual
RMB	Renminbi, the lawful currency of the PRC
Target Company	Harbin Xieyong Storage Co., Ltd.* (哈爾濱協勇創儲有限公司), a wholly-owned subsidiary of the Vendor
Vendor	Gentlefit Trading Limited (祥田貿易有限公司), a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of the Company
%	per cent.

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

Hong Kong, 16 December 2020

As at the date of this announcement, the Board of the Company comprises three Executive Directors, namely Mr. Chang Chih-Chiao, Mr. Chang Chih-Kai and Mr. Wang Jun Gang; and three Independent Non-executive Directors, namely Mr. Hon Ping Cho Terence, Mr. Huang Shun-Tsai and Mr. Kuo Jung-Cheng.