

---

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

---

**If you are in any doubt** as to any aspect about this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Daphne International Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, 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 circular.

---

**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)**

*Executive Directors:*

Mr. Chen Ying-Chieh (*Chairman and Chief Executive Officer*)  
Mr. Chang Chih-Chiao  
Mr. Chang Chih-Kai  
Mr. Chen Tommy Yi-Hsun

*Registered Office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Independent Non-executive Directors:*

Mr. Huang Shun-Tsai  
Mr. Kuo Jung-Cheng  
Mr. Lee Ted Tak Tai

*Principal Place of Business in Hong Kong:*

17/F, Fung House  
19-20 Connaught Road Central  
Hong Kong

15 April 2016

Dear Shareholders,

**PROPOSALS FOR GENERAL MANDATES TO REPURCHASE  
AND ISSUE SHARES, RE-ELECTION OF RETIRING DIRECTORS AND  
NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide you with information on the resolutions to be proposed at the forthcoming annual general meeting to be held at 3:00 p.m. on Wednesday, 25 May 2016 (the “AGM”) for the grant of general mandates to the directors of Daphne International Holdings Limited (the “Company”) (the “Directors”) to repurchase and issue shares of the Company (the “Shares”), the re-election of the retiring Directors and to give you the notice of the AGM.

\* for identification purpose only

## GENERAL MANDATE TO REPURCHASE SHARES

The general mandate granted to the Directors by the shareholders of the Company (the “**Shareholders**”) at the annual general meeting of the Company held on 20 May 2015 to repurchase Shares will expire at the conclusion of the AGM. At the AGM, the board of Directors (the “**Board**”) will propose an ordinary resolution to grant an unconditional general mandate to the Directors to exercise all powers of and on behalf of the Company to repurchase the Shares (the “**Repurchase Mandate**”) up to a maximum of 10% of the aggregate nominal value of the share capital of the Company in issue as at the date of passing of the resolution. The general mandate will continue to be in force until the conclusion of the next annual general meeting of the Company or any earlier date as referred to in resolution No. 4(d) as set out in the notice of the AGM. In accordance with the requirements of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), an explanatory statement on the Repurchase Mandate is set out in Appendix I to this circular to provide you with the requisite information reasonably necessary to enable you to make an informed decision on the proposed resolution.

As at 7 April 2016, being the latest practicable date prior to printing of this circular (the “**Latest Practicable Date**”), the Company had an aggregate of 1,649,142,384 Shares in issue. Subject to the passing of the relevant resolution approving the general mandate to repurchase Shares and on the basis that no further Shares are issued or repurchased by the Company between the Latest Practicable Date and the date of the AGM, the Company would be allowed to repurchase Shares up to a maximum of 164,914,238 Shares.

## GENERAL MANDATE TO ISSUE SHARES

The general mandate granted to the Directors by the Shareholders on 20 May 2015 will expire at the conclusion of the AGM. In order to ensure flexibility and discretion to the Directors, in the event that it becomes desirable to issue any Shares, approval is to be sought from the Shareholders for a general mandate to issue Shares (the “**Issue Mandate**”) pursuant to the Listing Rules. At the AGM, an ordinary resolution No. 5 will be proposed to grant the Directors an unconditional general mandate to allot, issue and deal with Shares with an aggregate nominal value not exceeding the sum of 20% of the aggregate nominal value of the share capital of the Company in issue at the date of passing of the resolution. The general mandate will continue to be in force until the conclusion of the next annual general meeting of the Company or any earlier date as referred to in resolution No. 5(d) as set out in the notice of the AGM.

Subject to the passing of the relevant resolution approving the general mandate to issue Shares and on the basis that no further Shares are issued or repurchased by the Company between the Latest Practicable Date and the date of the AGM, the Company would be allowed to allot, issue and deal with a maximum of 329,828,476 Shares.

## EXTENSION MANDATE

In addition, an ordinary resolution No. 6 will also be proposed at the AGM to extend the limit of the Issue Mandate by adding thereto the total number of Shares repurchased under the Repurchase Mandate (the “**Extension Mandate**”).

## RE-ELECTION OF RETIRING DIRECTORS

Pursuant to Article 99 of the Articles of Association of the Company (“**Articles of Association**”), at each annual general meeting one-third of the Directors for the time being or, if their number is not 3 or a multiple of 3, the number nearest to but not less than one-third shall retire from office provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

The re-appointment of the Directors has been reviewed by the Nomination Committee of the Company which made recommendation to the Board that the re-election be proposed for the shareholders’ approval at the annual general meeting. The Nomination Committee of the Company also assessed the independence of all the independent non-executive Directors including Mr. Huang Shun-Tsai and Mr. Lee Ted Tak Tai. All the independent non-executive Directors satisfy the criteria as set out in Rule 3.13 of the Listing Rules. To the best knowledge of the Directors, as at the date of this circular, the Company is not aware of any matters or events that may occur and affect the independence of all independent non-executive Directors.

During the tenure of office, Mr. Huang Shun-Tsai had performed his duties as an independent non-executive director to the satisfaction of the Board. The Board is of the opinion that Mr. Huang maintains his independence even if he has served the Board for over 14 years, and believes that his valuable knowledge and experience continue to generate significant contribution to the Company and the Shareholders as a whole. Hence, the Board considers that the long service of Mr. Huang would not affect his exercise of independent judgement in his service with the Company, and recommends Mr. Huang for re-election as independent non-executive director at the AGM.

As such, Mr. Chang Chih-Chiao, Mr. Huang Shun-Tsai and Mr. Lee Ted Tak Tai will retire by rotation at the AGM and, being eligible, will offer themselves for re-election. Brief biographies of these Directors are set out in Appendix II to this circular.

## **ANNUAL GENERAL MEETING**

The notice of the AGM to be held at Room A, 33/F, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong at 3:00 p.m. on Wednesday, 25 May 2016 is set out on pages 10 to 12 of this circular. A form of proxy for use at the AGM is enclosed with this circular. Whether or not you intend to be present at the AGM, you are requested to complete the form of proxy and return it in accordance with the instructions printed thereon as soon as possible and in any event not later than 48 hours before the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof.

## **VOTING BY POLL**

Pursuant to Rule 13.39(4) of the Listing Rules, all votes at the AGM will be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The results of the poll will be published on the websites of the HKExnews ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.daphneholdings.com](http://www.daphneholdings.com)) in the manner prescribed under Rule 13.39(5) of the Listing Rules.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 23 May 2016 to 25 May 2016, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to qualify for attending the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 20 May 2016.

## **RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

## **RECOMMENDATION**

The Board considers that the proposed grant of the Repurchase Mandate and the Issue Mandate and the re-election of the retiring Directors are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends all Shareholders to vote in favour of all the resolutions to be proposed at the AGM.

Yours faithfully,  
For and on behalf of the Board  
**Chen Ying-Chieh**  
*Chairman*

This explanatory statement includes information required under Rule 10.06(1)(b) of the Listing Rules to be given to the Shareholders in connection with the proposed Repurchase Mandate.

## **1.     LISTING RULES RELATING TO THE REPURCHASE OF SHARES**

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their shares on the Stock Exchange subject to certain restrictions. The Listing Rules provide that all proposed repurchases of shares must be approved by Shareholders in advance by an ordinary resolution either by way of a general mandate or by a specific approval of a particular transaction and that the shares to be repurchased must be fully paid up.

## **2.     SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,649,142,384 Shares.

Subject to the passing of the proposed resolution granting the Repurchase Mandate and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the AGM, the Company would be allowed under the Repurchase Mandate to repurchase up to a maximum of 164,914,238 Shares which represents a 10% of the issued share capital of the Company as at the date of passing such resolution.

## **3.     REASONS FOR REPURCHASES**

The Directors believe that the grant of the Repurchase Mandate is in the best interests of the Company and its Shareholders as a whole. Repurchases may, depending on the circumstances, result in an enhancement in the net assets value and/or earnings per Share. The Directors are seeking grant of a general mandate to repurchase Shares to give the Company the flexibility to do so if and when appropriate. The number(s) of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regarded to the circumstances then pertaining.

## **4.     FUNDING OF REPURCHASES**

There may be a material adverse impact on the working capital or gearing position of the Company (as compared with the financial position disclosed in its latest published audited financial statements) in the event that the proposed Shares repurchases were to be carried out in full at any time during the proposed repurchase period. However, repurchases must be made out of funds legally available for such purpose in accordance with the Articles of Association, the laws of the Cayman Islands and any other applicable laws. It is envisaged that the funds required for any repurchases would be derived from the distributable profits of the Company.

The Directors do not intend to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing position of the Company.

**5. SHARE PRICES**

The highest and lowest prices at which Shares were traded on the Stock Exchange during each of the previous twelve months preceding the Latest Practicable Date are as follows:

	Price per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
<b>2015</b>		
April	3.09	2.15
May	2.51	1.93
June	2.32	1.85
July	1.98	1.38
August	1.57	1.34
September	1.85	1.47
October	1.92	1.34
November	1.54	1.35
December	1.50	1.16
<b>2016</b>		
January	1.31	0.96
February	1.04	0.93
March	1.08	0.96
April (up to the Latest Practicable Date)	1.05	0.98

**6. DISCLOSURE OF INTERESTS, TAKEOVERS CODE AND MINIMUM PUBLIC HOLDING**

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates (as defined in the Listing Rules), have any present intention, in the event that the Repurchase Mandate is approved by Shareholders, to sell any Shares to the Company.

The Directors have undertaken to the Stock Exchange that they may exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate only in accordance with the Listing Rules, the laws of Hong Kong and all applicable laws of the Cayman Islands.

If, as a result of a share repurchase, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**"). As a result, a shareholder or a group of shareholders acting in concert (depending on the level of increase of shareholders' interests), could obtain or consolidate control of the Company and become obliged to make a mandatory general offer in accordance with Rule 26 and Rule 32 of the Takeovers Code.

---

**APPENDIX I                      EXPLANATORY STATEMENT ON REPURCHASE MANDATE**

---

As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, the following substantial Shareholders having interested in 5% or more of the Company’s issued share capital under the register of substantial shareholders maintained by the Company pursuant to section 336 of the Securities and Futures Ordinance (“SFO”) were:

<b>Name of shareholder</b>	<b>Capacity</b>	<b>Number of Shares</b>	<b>Approximate percentage of existing shareholding</b>	<b>Approximate percentage of shareholding if the Repurchase Mandate is exercised in full</b>
Lucky Earn International Limited	Beneficial interests	400,719,995 <i>(Note 1)</i>	24.30%	27.00%
Top Glory Assets Limited	Beneficial interests	174,908,895 <i>(Note 2)</i>	10.61%	11.78%
Ms. Chen Jennifer Yi-Chen	Interests of controlled corporation	174,908,895 <i>(Note 2)</i>	10.61%	11.78%
Mr. Chen Tommy Yi-Hsun	Interests of controlled corporation and personal interest	176,508,895 <i>(Note 2)</i>	10.70%	11.89%
Pushkin Holding Limited	Beneficial interests	147,740,920 <i>(Note 3)</i>	8.96%	9.95%
Mr. Chen Ying-Tien	Interests of controlled corporation	147,740,920 <i>(Note 3)</i>	8.96%	9.95%
Mr. Chen Ying-Che	Interests of controlled corporation	147,740,920 <i>(Note 3)</i>	8.96%	9.95%
Mr. Chen Ying-Chieh	Interests of controlled corporation	161,740,920 <i>(Note 3)</i>	9.81%	10.90%
Wellington Management Group LLP	Investment manager	148,257,390	8.99%	9.99%

---

## APPENDIX I EXPLANATORY STATEMENT ON REPURCHASE MANDATE

---

*Notes:*

1. Mr. Chang Chih-Kai and Mr. Chang Chih-Chiao, both executive directors of the Company, and their two sisters have beneficial interests of 26%, 26% and 24% each, respectively, in Lucky Earn International Limited, a company incorporated in the British Virgin Islands.
2. Mr. Chen Tommy Yi-Hsun, an executive director of the Company, and Ms. Chen Jennifer Yi-Chen have beneficial interests of 50% each in Top Glory Assets Limited, a company incorporated in the British Virgin Islands. By virtue of the SFO, they are deemed to be interested in 174,908,895 shares of the Company held by Top Glory Assets Limited.
3. Mr. Chen Ying-Chieh, the executive director and chief executive officer of the Company, and his two brothers, Mr. Chen Ying-Che and Mr. Chen Ying-Tien, each has one-third of the beneficial interests of Pushkin Holding Limited. By virtue of the SFO, they are deemed to be interested in the 147,740,920 shares of the Company held by Pushkin Holding Limited.

Based on the current holding of the above Shareholders, an exercise of the Repurchase Mandate in full will not result in any of them becoming obliged to make a mandatory general offer under Rule 26 and Rule 32 of the Takeovers Code.

The Company will not repurchase Shares which would result in the number of Shares held by the public being reduced to less than 25% of the Company's issued share capital.

No connected persons (as defined in the Listing Rules) of the Company have notified the Company that they have present intention to sell any Shares to the Company nor have any such person undertaken not to sell any Shares held by them to the Company in the event that the Repurchase Mandate is granted.

### **7. SHARE REPURCHASES MADE BY THE COMPANY**

The Company had not repurchased any of its Shares (whether on the Stock Exchange or otherwise) during the six months preceding the Latest Practicable Date.

The particulars of the retiring Directors proposed to be re-elected at the AGM are as follows:

**Mr. Chang Chih-Chiao**

Mr. CHANG Chih-Chiao, aged 33, joined the Group in 2007 and is currently primarily responsible for specialised business projects and negotiations. He obtained a bachelor's degree in Visual Communication from Northumbria University in the United Kingdom. Mr. Chang is the brother of Mr. Chang Chih-Kai, a cousin of Mr. Chen Ying-Chieh and Mr. Chen Tommy Yi-Hsun, all executive directors of the Company. Mr. Chang does not hold any directorships in other listed public companies in the last three years other than that in the Company.

As at the Latest Practicable Date, Mr. Chang, Mr. Chang Chih-Kai and their two sisters have beneficial interests in Lucky Earn International Limited which holds 400,719,995 Shares, representing 24.30% of the issued Shares. Save as aforementioned, Mr. Chang has no other interests in the Company within the meaning of Part XV of the SFO.

Mr. Chang's directorship with the Company is subject to the retirement by rotation pursuant to the Articles of Association. The emoluments paid or payable to Mr. Chang by the Group for the year ended 31 December 2015 was HK\$1,535,000 which is determined by reference to his performance and operating results of the Group.

Save as disclosed above, there is no information relating to Mr. Chang that is required to be disclosed pursuant to Rules 13.51(2) of the Listing Rules, nor are there any other matters that need to be brought to the attention of the Shareholders.

**Mr. Huang Shun-Tsai**

Mr. HUANG Shun-Tsai, aged 62, is a director of four health technology companies in Taiwan. He has been active in the health technology field for over 15 years. Mr. Huang was appointed as an independent non-executive director of the Company in 2001.

Mr. Huang does not have any relationship with any other directors, senior management, substantial or controlling shareholders of the Company and he does not hold directorships in any other listed public companies in the last three years.

As at the Latest Practicable Date, Mr. Huang did not have any interests in the shares of the Company with the meaning of Part XV of the SFO.

Mr. Huang has a letter of appointment with the Company, which is for a term of one year and renewable or extendable automatically by one year on the expiry of such initial term and every successive period of one year thereafter unless either party gives one month written notice to the other to terminate the term of appointment before expiry of the existing term, and is subject to retirement by rotation in accordance with the Articles of Association. During the year ended 31 December 2015, Mr. Huang received the sum of HK\$150,000 from the Company.

Save as disclosed above, there is no other information relating to Mr. Huang that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, nor are there any other matters that need to be brought to the attention of the Shareholders.

**Mr. Lee Ted Tak Tai**

Mr. LEE Ted Tak Tai, aged 65, was appointed as an independent non-executive director of the Company in September 2011. Mr. Lee is the managing director of T Plus Capital Limited which is engaged in the provision of strategic, financial and business development advisory services. Currently Mr. Lee is an independent director and a member of the audit committee of Autohome Inc., a company listed on the US New York Exchange and a director of Shriro Trading (Shanghai) Company Limited, a privately held company established in China. Mr. Lee is a US certified public accountant (inactive) and he has extensive experience in auditing and accounting sectors and he was a senior partner at Deloitte where he worked for over 30 years both in United States and Asia. Mr. Lee graduated from California State University, Fresno with a bachelor's degree in Accounting and obtained an MBA degree from University of Southern California.

Mr. Lee does not have any relationship with any other directors, senior management, substantial or controlling shareholders of the Company. Save as disclosed above, he does not hold directorships in any other listed public companies in the last three years.

As at the Latest Practicable Date, Mr. Lee did not have any interests in the shares of the Company with the meaning of Part XV of the SFO.

Mr. Lee has a letter of appointment with the Company, which is for a term of two years and renewable or extendable automatically by two years on the expiry of such initial term and every successive period of two years thereafter unless either party gives one month written notice to the other to terminate the term of appointment before expiry of the existing term, and is subject to retirement by rotation in accordance with the Articles of Association. During the year ended 31 December 2015, Mr. Lee received the sum of HK\$425,000 from the Company.

Saved as disclosed above, there is no other information relating to Mr. Lee that is required to be disclosed pursuant to Rules 13.51(2) of the Listing Rules, nor are there any other matters that need to be brought to the attention of the Shareholders.

---

## NOTICE OF ANNUAL GENERAL MEETING

---

# 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)

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Daphne International Holdings Limited (the “**Company**”) will be held at Room A, 33/F, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong at 3:00 p.m. on Wednesday, 25 May 2016 to consider and, if thought fit, transact the following business:

### ORDINARY BUSINESS

1. To receive and consider the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors and the auditor of the Company for the year ended 31 December 2015;
2. To re-elect the retiring directors and authorise the board of directors of the Company to fix the remuneration of the directors;
3. To re-appoint PricewaterhouseCoopers as the Company’s auditor and authorise the board of directors of the Company to fix their remuneration;

and, as additional ordinary business, to consider and, if thought fit, pass the following resolutions as ordinary resolutions (with or without modification):

4. “THAT:
  - (a) subject to paragraph (c) below, the exercise by the directors of the Company (“**Directors**”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of HK\$0.10 each of the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or on any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong (the “**SFC**”) and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and requirements of the SFC, the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
  - (b) the approval in paragraph (a) above shall be in addition to any other authorisation given to the Directors and shall authorise the Directors on behalf of the Company during the Relevant Period to procure the Company to repurchase its own shares at a price to be determined by the Directors;
  - (c) the aggregate nominal amount of shares of the Company to be repurchased or agreed to be repurchased by the Company pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution, and the said approval shall be limited accordingly; and
  - (d) for the purposes of this resolution,

\* for identification purpose only

---

## NOTICE OF ANNUAL GENERAL MEETING

---

“**Relevant Period**” means the period from the date of passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable laws of the Cayman Islands to be held; or
- (iii) the date upon which the authority set out in this resolution is revoked or varied by way of an ordinary resolution of the shareholders of the Company in general meeting.”

5. “**THAT:**

- (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with the unissued shares of the Company and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such powers, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above, shall be in addition to any other authorisations given to the Directors and shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such powers after the expiry of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to options or otherwise) by the Directors pursuant to the approval granted in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) any scrip dividend or similar arrangement providing for the allotment and issue of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Articles of Association of the Company; or (iii) the exercise of any options granted under the share option scheme or similar arrangement for the time being adopted or to be adopted for the grant or issue of shares or rights to acquire shares of the Company approved by the Stock Exchange; or (iv) any issue of shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into shares, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution, and the said approval shall be limited accordingly; and
- (d) for the purpose of this resolution,

“**Relevant Period**” means the period from the date of passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable laws of the Cayman Islands to be held; or

---

## NOTICE OF ANNUAL GENERAL MEETING

---

- (iii) the date upon which the authority set out in this resolution is revoked or varied by way of an ordinary resolution of the shareholders of the Company in general meeting.

“**Rights Issue**” means an offer of shares, or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by the Directors to the holders of shares of the Company on the register of members on a fixed record date in proportion to their then holding of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

6. “**THAT** conditional upon the passing of resolution No. 4 and 5 above, the general mandate granted to the Directors pursuant to resolution No. 5 be and hereby extended by adding thereto of an amount representing the aggregate nominal amount of the share capital of the Company as stated in resolution No. 4 above provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution.”

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

Hong Kong, 15 April 2016

*Notes:*

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies (who must be an individual) to attend and on a poll, vote instead of him/her. A proxy need not be a member of the Company.
2. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notorially certified copy thereof must be lodged with the Company’s share registrar in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the meeting.
3. The register of members of the Company will be closed from 23 May 2016 to 25 May 2016, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to qualify for attending the meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s share registrar in Hong Kong no later than 4:30 p.m. on Friday, 20 May 2016.
4. Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he/she were solely entitled thereto; but if more than one of such joint holders are present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register of members in respect of the relevant joint holding.
5. In relation to resolution No. 4, an explanatory statement as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited is set out in Appendix I of the circular dated 15 April 2016 (the “**Circular**”).
6. Please refer to Appendix II of the Circular for the details of the retiring Directors subject to re-election at the meeting.