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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.

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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)

Executive Directors:

Mr Chen Ying-Chieh (*Chairman*)
Mr Chang Chih-Kai
Mr Chang Chih-Chiao
Mr Chen Tommy Yi-Hsun

Registered Office:

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

Non-Executive Director:

Mr Kim Jin-Goon

*Principal Place of Business in
Hong Kong:*

17th Floor, Fung House
19-20 Connaught Road Central
Central
Hong Kong

Independent Non-Executive Directors:

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

Alternate Director:

Mr Lau Wai Kei, Ricky (*Alternate Director to Mr Kim Jin-Goon*)

30 March 2012

To Shareholders

Dear Sir/Madam,

**PROPOSALS FOR GENERAL MANDATES TO REPURCHASE
AND ISSUE SHARES,
RE-ELECTION OF 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 on Wednesday, 25 April 2012 (“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 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 12 May 2011 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. 5A (d) as set out in the notice of AGM. In accordance with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”), 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 23 March 2012, being the latest practicable date prior to printing of this circular (the “**Latest Practicable Date**”), the Company had an aggregate of 1,642,162,384 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 164,216,238 Shares.

GENERAL MANDATE TO ISSUE SHARES

The general mandate granted to the Directors by the Shareholders on 12 May 2011 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 pursuant to the Listing Rules. At the AGM, an ordinary resolution No. 5B 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 and to extend such general mandate by the aggregate nominal amount of the Shares repurchased by the Company. 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. 5A(d) as set out in the notice of 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 328,432,476 Shares.

RE-ELECTION OF RETIRING DIRECTORS

Pursuant to the Articles of Association of the Company (“**Articles of Association**”), Mr Chen Tommy Yi-Hsun, Mr Kim Jin-Goon, Mr Lee Ted Tak Tai and Mr Chen Ying-Chieh 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

A notice of AGM, which contains, inter alia, ordinary resolutions to approve the general mandate for Directors to issue Shares and the Repurchase Mandate, is set out on pages 10 to 12 of this circular. A form of proxy is enclosed with the annual report. 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 so as to be received not less than 48 hours before the time fixed for holding the meeting. The completion and return of the form of proxy will not preclude you from attending and voting 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) and the Company (www.daphneholdings.com) in the manner prescribed under Rule 13.39(5) of the Listing Rules.

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, the general mandate to issue Shares 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 the resolutions to be proposed at the AGM.

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

APPENDIX I EXPLANATORY STATEMENT ON REPURCHASE MANDATE

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to you for your consideration of the 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 1,642,162,384 Shares.

Subject to the passing of the proposed 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 164,216,238 Shares which represents a 10% of the issued share capital of the Company as at the date of passing such resolution.

3. REASONS FOR REPURCHASE

The Directors believe that the grant of the Repurchase Mandate is in the best interests of the Company and its shareholders. Repurchases may, depending on the circumstances, result in an enhancement in the net assets 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 regard 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 accounts) 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 unless the Directors consider that such purchases are in the best interest of the Company notwithstanding such material adverse impact.

5. SHARE PRICES

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

	Price per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2011		
March	6.95	5.65
April	6.73	5.53
May	7.50	6.19
June	7.89	6.50
July	8.88	7.11
August	8.80	7.00
September	8.77	5.89
October	8.58	6.18
November	9.38	7.51
December	9.50	8.09
2012		
January	10.00	7.80
February	10.00	9.04
March (up to the Latest Practicable Date)	10.70	9.32

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 of the Company, 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 offer in accordance with Rule 26 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 Shareholders are interested in more than 5% of the Company's issued share capital:

Name of shareholder	Capacity	Number of Shares	Approximate percentage of existing shareholding	Approximate percentage of shareholding if the Repurchase Mandate is exercised in full
Lucky Earn International Limited	Beneficial interests	400,719,995	24.40%	27.11%
Premier China, Ltd.	Beneficial interests	298,510,572 <i>(Note 1)</i>	18.18%	20.20%
TPG Asia GenPar V Advisors, Inc.	Interests of controlled corporation	298,510,572 <i>(Note 1)</i>	18.18%	20.20%
TPG Asia GenPar V, L.P.	Interests of controlled corporation	298,510,572 <i>(Note 1)</i>	18.18%	20.20%
TPG Asia V, L.P.	Interests of controlled corporation	298,510,572 <i>(Note 1)</i>	18.18%	20.20%
TPG Group Holdings (SBS) Advisors, Inc.	Interests of controlled corporation	298,510,572 <i>(Note 1)</i>	18.18%	20.20%
TPG Group Holdings (SBS), L.P.	Interests of controlled corporation	298,510,572 <i>(Note 1)</i>	18.18%	20.20%
TPG Holdings I, L.P.	Interests of controlled corporation	298,510,572 <i>(Note 1)</i>	18.18%	20.20%
TPG Holdings I-A, L.P.	Interests of controlled corporation	298,510,572 <i>(Note 1)</i>	18.18%	20.20%
Mr David Bonderman	Interests of controlled corporation	298,510,572 <i>(Note 1)</i>	18.18%	20.20%
Mr James G. Coulter	Interests of controlled corporation	298,510,572 <i>(Note 1)</i>	18.18%	20.20%
Top Glory Assets Limited	Beneficial interests	200,846,895 <i>(Note 2)</i>	12.23%	13.59%
Ms Chen Jennifer Yi-Chen	Interests of controlled corporation	200,846,895 <i>(Note 2)</i>	12.23%	13.59%
Mr Chen Tommy Yi-Hsun	Interests of controlled corporation	200,846,895 <i>(Note 2)</i>	12.23%	13.59%

APPENDIX I EXPLANATORY STATEMENT ON REPURCHASE MANDATE

Name of shareholder	Capacity	Number of Shares	Approximate percentage of existing shareholding	Approximate percentage of shareholding if the Repurchase Mandate is exercised in full
Pushkin Holding Limited	Beneficial interests	147,738,920 <i>(Note 3)</i>	9.00%	10.00%
Mr Chen Ying-Chieh	Interests of controlled corporation	147,738,920 <i>(Note 3)</i>	9.00%	10.00%
Mr Chen Ying-Tien	Interests of controlled corporation	147,738,920 <i>(Note 3)</i>	9.00%	10.00%
Mr Chen Ying-Che	Interests of controlled corporation	147,738,920 <i>(Note 3)</i>	9.00%	10.00%

Note 1: Premier China, Ltd. has subscribed for convertible bonds and warrants of the Company. Upon full conversions of the convertible bonds and full exercise of the warrants, an aggregate of 278,510,572 shares will be issued. Premier China, Ltd. is an indirect wholly-owned subsidiary of TPG Group Holdings (SBS) Advisors, Inc., which is in turn owned 50% each by Mr David Bonderman and Mr James G. Coulter.

Note 2: These Shares are held by Top Glory Assets Limited in which Ms Chen Jennifer Yi-Chen and Mr Chen Tommy Yi-Hsun each has beneficial interests of 50%.

Note 3: These Shares are held by Pushkin Holding Limited in which Mr Chen Ying-Chieh, Mr Chen Ying-Tien and Mr Chen Ying-Che each has beneficial interests of one-third.

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 offer under Rule 26 of the Takeovers Code.

Save as disclosed above, the Directors are not aware of any consequences which may arise under the Takeovers Code as consequences of any repurchases made pursuant to the Repurchase Mandate.

No connected persons (as defined in the Listing Rules) of the Company have notified the Company of a present intention to sell Shares to the Company and no such persons have undertaken not to sell any of the Shares held by them to the Company in the event that the general mandate is authorised by shareholders of the Company. The Company will not repurchase Shares which would result in the number of Shares held by the public being reduced to less than 25% (or such or prescribed minimum percentage as determined by the Stock Exchange) of the Company's issued share capital.

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.

Mr Chen Tommy Yi-Hsun

Mr Chen Tommy Yi-Hsun, aged 30, has been working with the Group since August 2004 and was appointed as an executive director of the Company on 31 December 2011. Mr Chen is a director of certain subsidiaries of the Company and he has not held directorships in any other listed public companies in the last three years.

Mr Chen is primarily responsible for planning and management of the manufacturing business of the Group and he has over 8 years of experience in footwear trading and manufacturing industries. Mr Chen graduated from University of Victoria in Canada with a bachelor's degree in arts.

Mr Chen is a cousin of Mr Chen Ying-Chieh, Mr. Chang Chih-Kai and Mr. Chang Chih-Chiao, executive directors of the Company. As at the Latest Practicable Date, Mr Chen has 50% beneficial interest in Top Glory Assets Limited which holds 200,846,895 Shares, and including 4,000,000 underlying Shares pursuant to Part XV of the Securities and Futures Ordinance (the "SFO"), representing approximately 12.47% of the issued share capital of the Company.

Mr Chen's directorship with the Company is subject to the retirement by rotation and re-election pursuant to Articles of Association. The remuneration of Mr Chen is determined by the Board with reference to the prevailing market conditions, his roles and responsibilities.

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

Mr Kim Jin-Goon

Mr KIM Jin-Goon, aged 44, was appointed as a non-executive director on 13 April 2011. Mr Kim is a partner of TPG Capital, Limited ("TPG"), a leading global private investment firm and an affiliate of Premier China, Limited, which has substantial interests in the Shares, convertible bonds and warrants of the Company. Mr Kim leads TPG's Operating Group in Greater China. From 2007 to 2011, he was an executive director and the interim chief executive officer and he is currently the vice-chairman of the board of China Grand Automotive Service Co., Ltd. and built China's leading passenger car retail and service network. As a director of the board, Mr Kim led the turnaround of UniTrust Finance & Leasing Corporation, a leading capital equipment leasing company in China. Mr Kim was previously an alternate director to Ms Ma Xuezheng, a non-executive director of the Company who resigned on 13 April 2011, and has led TPG's operational initiatives to help transform the Company's core operations and pioneer industry's first fast retail business model. Prior to joining TPG, Mr Kim worked for Dell Inc. as the Managing Director of its Korea business from 2002 to 2006. Prior to that from 2000 to 2002, Mr Kim was the vice president of Internet Business Capital Corporation in Cambridge, Massachusetts, and from 1996 to 2000, he was the engagement manager at McKinsey & Company. Mr Kim received his undergraduate degree in Arts majored in Government and East Asian Studies from Harvard University with High Honors, conducted post graduate research in Nanjing-Hopkins Centre in China, and returned to Harvard University to pursue his master of Public Policy.

Save as disclosed above, Mr Kim does not have any relationship with any other directors, senior management, substantial or controlling shareholders of the Company. At the Latest Practical Date, Mr Kim did not have any interests in the Shares of the Company with the meaning of Part XV of the SFO.

Mr Kim's directorship with the Company is subject to the retirement by rotation and re-election pursuant to the Articles of Association. There was no emolument paid or payable to him for the year ended 31 December 2011.

Saved as disclosed above, there is no other information relating to Mr Kim that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) 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 61, was appointed as an independent non-executive director of the Company in September 2011 and he serves as the chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee of the Company. Mr Lee is currently the managing director of T Plus Capital Limited which is engaged in the provision of strategic, financial and business development advisory services. Mr Lee has extensive experience in auditing and accounting sectors. Currently Mr Lee is an independent non-executive director and the audit committee chairman of Boshiwa International Holding Limited, a company listed on The Stock Exchange of Hong Kong, an independent director and the audit committee chairman of China Ming Yang Wind Power Group Limited, a company listed on U.S. New York Stock Exchange, and an independent director and the audit committee chairman of Tudou Holding Limited, a company listed on the National Association of Securities Dealers Automated Quotations.

Saved as disclosed above, Mr Lee does not have any relationship with any directors, senior management or controlling shareholders of the Company and he has not held directorship in any other listed public companies in the last three years.

As at the Latest Practical Date, Mr Lee did not have any interests in the Shares of the Company within 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 unless either party gives one month's written notice to the other to terminate the letter of appointment before expiry of the existing term, and is subject to retirement by rotation and re-election in accordance with the Articles of Association. During the year ended 31 December 2011, Mr Lee was entitled a fee of HK\$120,667 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)(h) to (v) of the Listing Rules, nor are there any other matters that need to be brought to the attention of the Shareholders.

Mr Chen Ying-Chieh

Mr Chen Ying-Chieh, aged 42, has been working with the Group since 1992 and was appointed as the chairman of the Company since 2004 and he was appointed as the chief executive officer of the Company in January 2011. Mr Chen is a director of most of the subsidiaries of the Company and he has not held directorship in any other listed public companies in the last three years.

Mr Chen is responsible for the overall corporate and business strategic planning of the Group. Mr Chen obtained a bachelor degree in International Trade Business from the University of Zhengyou.

Mr Chen is a cousin of Mr Chang Chih-Kai, Mr Chang Chih-Chiao and Mr Chen Tommy Yi-Hsun, executive directors of the Company. As at the Latest Practical Date, Mr Chen is interested in 163,738,920 Shares, including 16,000,000 underlying Shares pursuant to share options, within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), representing approximately 9.97% of the issued share capital of the Company.

Mr Chen's directorship with the Company is subject to the retirement by rotation and re-election pursuant to the Articles of Association. During the year ended 31 December 2011, Mr Chen received a sum of HK\$15,213,000 from the Group including a discretionary bonus which is determined by reference to his performance and operating results of the Group.

There is no other information relating to Mr Chen that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules. The Directors are not aware of any other matters relating to his re-election that need to be brought to the attention of the shareholders of the Company.

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 3, United Conference Centre, 10th Floor, United Centre, 95 Queensway, Hong Kong on Wednesday, 25 April 2012 at 2:30 p.m. for the following purposes:

1. To receive and consider the audited Accounts of the Company and the Reports of the Directors and the Auditor for the year ended 31 December 2011;
2. To approve and declare a final dividend for the year ended 31 December 2011;
3. To re-elect the retiring directors and authorise the Board of Directors to fix the directors’ remuneration;
4. To re-appoint the auditor and authorise the Board of Directors to fix their remuneration;
5. To consider and, if thought fit, pass with or without amendments the following resolutions as ordinary resolutions:

A. “THAT:

- (a) subject to paragraph (b) 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 issued shares of the Company of HK\$0.10 each 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) 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

* for identification purpose only

NOTICE OF ANNUAL GENERAL MEETING

- (d) for the purposes 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 any applicable laws or the Articles of Association of the Company 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.”

- B. “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 end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted, issued or otherwise dealt with or agreed conditionally or unconditionally to be allotted, issued or otherwise dealt with (whether pursuant to an option 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 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 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” shall have the same meaning as ascribed to it under the resolution set out in paragraph 5A(d) of this Notice; and

NOTICE OF ANNUAL GENERAL MEETING

“Rights Issue” means the allotment, issue or grant of 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 holdings of such shares as at that date (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).”

C. “THAT:

conditional upon the passing of Resolutions Nos. 5A and 5B, the general mandate granted to the Directors pursuant to Resolution No. 5B be and hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company as stated in Resolution No. 5A 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
Chan Oi Chu
Company Secretary

Hong Kong, 30 March 2012

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. 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 notarially certified copy thereof must be lodged with the Company’s share registrar in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 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 April 2012 to 25 April 2012, both dates inclusive, during which period no transfer of shares of the Company will be effected. In order to qualify for attendance and voting at the meeting, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company’s share registrar in Hong Kong not later than 4:30 p.m. on 20 April 2012.

The register of members of the Company will be closed from 2 May 2012 to 4 May 2012, both dates inclusive, during which period no transfer of shares of the Company will be effected. In order to qualify for the final dividend, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company’s share registrar in Hong Kong not later than 4:30 p.m. on 30 April 2012.

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. Please refer to Appendix II of the circular dated 30 March 2012 (the “Circular”) for the details of the retiring Directors subject to re-election at the meeting.
6. In relation to resolution No. 5(A), 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 dispatched to shareholders.