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

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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 Chen Hsien Min (*Managing Director*)  
Mr Chang Chih-Kai

*Independent Non-Executive Directors:*

Mr Hsiao Hsi-Ming  
Mr Huang Shun-Tsai  
Mr Kuo Jung-Cheng

*Registered Office:*

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

*Principal Place of Business in  
Hong Kong:*

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

21 April 2009

*To Shareholders*

Dear Sir/Madam,

**PROPOSALS FOR GENERAL MANDATES TO REPURCHASE  
AND ISSUE SHARES,  
RE-ELECTION OF DIRECTORS,  
AMENDMENTS TO MEMORANDUM AND ARTICLES OF ASSOCIATION  
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, 27 May 2009 (“**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 Directors, the amendments to the Memorandum and Articles of Association of the Company (“**Memorandum and Articles of Association**”) 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 16 May 2008 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.

## **GENERAL MANDATE TO ISSUE SHARES**

The general mandate granted to the Directors by the Shareholders on 16 May 2008 will expire at 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.

As at 21 April 2009, being the latest practicable date prior to the printing of this circular (the “**Latest Practical Date**”), the Company had 1,637,892,384 Shares in issue. Subject to the passing of the relevant resolution approving the general mandate to issue Shares and on the basis that no Shares are issued or repurchased by the Company prior to the AGM, the Company would be allowed to issue new Shares up to a maximum of 327,578,476 Shares.

## **RE-ELECTION OF DIRECTORS**

Pursuant to the Articles of Association of the Company (“**Articles of Association**”), Mr Chen Ying-Chieh and Mr Chen Hsien Min will retire by rotation at the AGM, and being eligible, offer themselves for re-election. Brief biography of these Directors are set out in Appendix II to this circular.

## **AMENDMENTS TO MEMORANDUM AND ARTICLES OF ASSOCIATION**

The Stock Exchange has amended the Listing Rules relating to, among other things, voting at general meetings and notice of general meetings. The amendments to the Listing Rules came into effect on 1 January 2009.

Accordingly, the Directors proposes to seek the approval of the Shareholders by way of passing a special resolution to be proposed at the AGM to amend the Memorandum and Articles of Association to conform with the amendments to the Listing Rules.

The full text of the special resolution (resolution No. 6A) containing details of such proposed amendments is set out in the notice of the AGM on pages 9 to 21 of this circular.

Copies of the following documents are available for inspection by the Shareholders during normal business hours at the Company's principle of place of business in Hong Kong from the date of this circular up to and including the date of the AGM:

- (a) Existing Memorandum and Articles of Association; and
- (b) Amended and restated Memorandum and Articles of Association incorporating all the previous amendments duly approved by Shareholders and the proposed amendments set out in the notice of AGM.

## **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 9 to 21 of this circular. A proxy form is enclosed with the annual report. Whether or not you intend to be present at the AGM, you are requested to complete the proxy form 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 proxy form 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, any vote of Shareholders at a general meeting must be taken by poll. The chairman of the meeting will therefore demand a poll for every resolution put to the vote of the AGM in accordance with the Articles of Association. The results of the poll shall be deemed to be the resolution of the general meeting in which the poll was demanded or required and the poll results will be published on the websites of Hong Kong Exchanges and Clearing Limited ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company ([www.daphneholdings.com](http://www.daphneholdings.com)).

## **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, the re-election of Directors and the proposed amendments to the Memorandum and Articles of Association 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*

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## **APPENDIX I                      EXPLANATORY STATEMENT ON REPURCHASE MANDATE**

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The following explanatory statement provides the requisite information to you for your consideration of the proposal to grant a general and unconditional mandate to the Directors to exercise the powers of the Company to repurchase up to a maximum of 10% of the issued share capital of the Company as at the date of the relevant resolution No. 5A of the notice of the AGM.

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

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their shares on the Stock Exchange and any other stock exchange on which shares of the company are listed and such exchange is recognised by the Securities and Futures Commission of Hong Kong subject to certain restrictions. Among such restrictions, the Listing Rules provide that the share of such company must be fully paid up and all repurchases of shares by such company must be approved in advance by an ordinary resolution of shareholders, either by way of a general mandate or by specific approval of a particular transaction.

### **2.        SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,637,892,384 Shares.

Subject to the passing of the proposed Repurchase Mandate and on the basis that no further Shares are issued or repurchased prior to the AGM and ignoring other restrictions, such as the limitation on the basis of trading volume mentioned above, the Company would be allowed under the Repurchase Mandate to purchase up to a maximum of 163,789,238 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.

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**APPENDIX I                      EXPLANATORY STATEMENT ON REPURCHASE MANDATE**

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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>
<b>2008</b>		
April	4.95	3.73
May	4.95	4.40
June	4.90	4.11
July	6.20	3.75
August	4.23	3.65
September	4.29	3.02
October	3.44	1.11
November	1.80	1.42
December	1.63	1.17
<b>2009</b>		
January	1.58	1.13
February	1.37	1.15
March	1.90	1.21
April (up to the Latest Practicable Date)	2.51	1.60

**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.

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**APPENDIX I                      EXPLANATORY STATEMENT ON REPURCHASE MANDATE**

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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.

As at the Latest Practical 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:

<b>Name of shareholder</b>	<b>Capacity</b>	<b>Number of Shares held</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	424,019,995	25.89%	28.76%
Top Glory Assets Limited	Beneficial interests	200,846,895 <i>(Note 1)</i>	12.26%	13.63%
Chen Yi-Chen	Interests of controlled corporation	200,846,895 <i>(Note 1)</i>	12.26%	13.63%
Chen Yi-Hsun	Interests of controlled corporation	200,846,895 <i>(Note 1)</i>	12.26%	13.63%
Pushkin Holding Limited	Beneficial interests	147,738,920 <i>(Note 2)</i>	9.02%	10.02%
Chen Ying-Chieh	Interests of controlled corporation	147,738,920 <i>(Note 2)</i>	9.02%	10.02%
Chen Ying-Tien	Interests of controlled corporation	147,738,920 <i>(Note 2)</i>	9.02%	10.02%
Chen Ying-Che	Interests of controlled corporation	147,738,920 <i>(Note 2)</i>	9.02%	10.02%
Sansar Capital Management, LLC	Investment Manager	224,589,400 <i>(Note 3)</i>	13.71%	15.24%
Sansar Capital Master Fund, LP	Beneficial interests	196,539,040	12.00%	13.33%

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## APPENDIX I            EXPLANATORY STATEMENT ON REPURCHASE MANDATE

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*Note 1:* These Shares are held by Top Glory Assets Limited in which Chen Yi-Chen and Chen Yi-Hsun each has beneficial interests of 50%.

*Note 2:* These Shares are held by Pushkin Holding Limited in which Chen Ying-Chieh, Chen Ying-Tien and Chen Ying-Che each has beneficial interests of one-third.

*Note 3:* These Shares include the Shares held by Sansar Capital Master Fund, LP.

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 amount of Shares held by public being reduced to less than 25%.

### **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 Practical Date.

**Mr Chen Ying-Chieh**

Mr Chen Ying-Chieh, aged 40, has been working with the Group since 1992 and was appointed as the chairman of the Group since 22 November 2004. Mr Chen is a director of certain subsidiaries of the Company and he has not held directorships in any other listed public companies in Hong Kong and overseas in the last three years.

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

Mr Chen is a nephew of Mr Chen Hsien Min, the managing director of the Company, and a cousin of Mr Chang Chih-Kai, an executive director of the Company. As at the latest practical date before the printing of this circular, Mr Chen is interested in 148,988,920 Shares, including 1,250,000 underlying Shares pursuant to share options, within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”), representing approximately 9.10% of the issued share capital of the Company.

Mr Chen’s directorship with the Company is subject to the retirement by rotation pursuant to the Articles of Association. During the year ended 31 December 2008, Mr Chen received a sum of HK\$6,045,000 from the Group including a discretionary bonus which is determined by reference to his performance and operating results of the Group.

There is no 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.

**Mr Chen Hsien Min**

Mr Chen Hsien Min, aged 58, joined the Group since 1988 and is the managing director and one of the founders of the Group. Mr Chen is a director of certain subsidiaries of the Company and he has not held directorships in any other listed public companies in Hong Kong and overseas in the last three years.

Mr Chen is responsible for the overall corporate planning and day-to-day operations of the Group, including production, marketing and sales activities and he has over 30 years of experience in the footwear industry. Mr Chen has a bachelor degree in Land Economics from the National Cheng Chi University of Taiwan.

Mr Chen Hsien Min is an uncle of Mr Chen Ying-Chieh, the chairman of the Company, and Mr Chang Chih-Kai, an executive director of the Company. As at the latest practical date before the printing of this circular, Mr Chen is interested in 1,100,000 underlying Shares pursuant to share options within the meaning of Part XV of the SFO, representing approximately 0.07% of the issued share capital of the Company.

Mr Chen’s directorship with the Company is subject to the retirement by rotation pursuant to the Articles of Association. During the year ended 31 December 2008, Mr Chen received a sum of HK\$6,022,000 from the Group including a discretionary bonus which is determined by reference to his performance and operating results of the Group.

There is no 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.

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## NOTICE OF ANNUAL GENERAL MEETING

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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)

## 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 Strategic Financial Relations Limited, Room 3203, 32nd Floor, Admiralty Central 1, 18 Harcourt Road, Hong Kong on Wednesday, 27 May 2009 at 2:30 p.m. for the following purposes:

### Ordinary Resolutions

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 2008;
2. To approve and declare a final dividend for the year ended 31 December 2008;
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 and the Stock Exchange for this purpose, under the Hong Kong Code of Share Repurchase, subject to and in accordance with all applicable laws and requirements of the Rules Governing the Listing of Securities on 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;

\* *for identification purpose only*

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## NOTICE OF ANNUAL GENERAL MEETING

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(c) the aggregate nominal amount of shares of the Company to be repurchased 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:

“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 otherwise deal with additional ordinary 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

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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, 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

“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.”

### Special Resolution

6. To consider and, if thought fit, pass with or without amendments the following resolution as a special resolution:–

- (a) “THAT the Memorandum of Association of the Company be and are hereby amended in the following manner:

The heading “MEMORANDUM OF ASSOCIATION OF VICTORIA SUCCESS INTERNATIONAL GROUP LIMITED” shall be deleted and be replaced by the words “AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION OF DAPHNE INTERNATIONAL HOLDINGS LIMITED”.

Clause 1

The words “Victoria Success International Group Limited” shall be deleted and be replaced by the words “Daphne International Holdings Limited”.

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### Clause 2

The words “Maples and Calder, Attorneys-at-Law, P.O. Box 309, George Town, Grand Cayman, Cayman Islands, British West Indies” shall be deleted and be replaced by the words “Codan Trust Company (Cayman) Limited at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands”.

### Clause 4

The words “Companies Law (Revised)” in the first line shall be deleted and be replaced by the words “Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands”.

### Clause 6

The words “Companies Law (Revised)” in the fourth line shall be deleted and be replaced by the words “Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands”.

### Clause 7

The words “Companies Law (Revised)” in the second and third lines shall be deleted and be replaced by the words “Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands” and the words “Section 192” in the second line shall be deleted and be replaced by the words “Section 182”.

The signature blocks and date shall be deleted in its entirety.”

- (b) “THAT the Articles of Association of the Company be and are hereby amended in the following manner:

#### Article 2

By deleting the word “Associate” in the first column and substituting thereof with the new word “associate”;

By inserting the following new definitions immediately after the definition of “Auditors”:

““Board” or “the Directors” means the board of directors of the Company or the directors present at a meeting of directors of the Company at which a quorum is present, and references in the Articles to Directors shall be to both executive and non-executive Directors unless otherwise indicated;

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## NOTICE OF ANNUAL GENERAL MEETING

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“business day” means any day on which the Designated Stock Exchange is open for business of dealing in securities. For the avoidance of doubt, where the Designated Stock Exchange is closed for the business of dealing in securities by reason of typhoon, black rainstorm warning or other similar events, such day shall for the purposes of these Articles be counted as a business day;”;

By inserting the following new definition immediately after the definition of “capital”:

““clear business days” or “clear days” in relation to the period of notice, means that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;”;

By moving the definition of “Designated Stock Exchange” forward to a position immediately after the definition of “the Company” or “this Company”;

By deleting the definition of “the Directors” in its entirety;

By deleting the definition of “the Law” in its entirety and substituting thereof with the following new definition:

““the Law” means the Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands;”;

By inserting the words “in the share capital the Company” after the word “shares” in the definition of “member” or “shareholder”;

By inserting the following new definition immediately after the definition of “month”:

““notice” means written notice unless otherwise specifically stated and as further defined in these Articles;”;

By inserting the following new definition immediately after the definition of “office”:

““ordinary resolution” means a resolution which has been passed by a simple majority of votes cast by such members as, being entitled so to do, vote in person or, in the case of any member being a corporation, by its duly authorised representative or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with Article 58(A);”;

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By inserting the following new definition immediately after the definition of “the register”:

““registration office” in respect of any class of share capital, means such place as the Board may from time to time determine to keep a branch register of members in respect of that class of share capital and where (except in cases where the Board otherwise directs) the transfers or other documents of title for such class of share capital are to be lodged for registration and are to be registered;”;

By deleting the definition of “special resolution” in its entirety and substituting thereof with the following new definition:

““special resolution” means a resolution which has been passed by a majority of not less than three fourths of votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their respective duly authorised representative or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with Article 58(A); and a special resolution shall be effective for any purpose for which an ordinary resolution is expressed to be required under any provision of these Articles or the Statutes;”;

By inserting the following new definition immediately after the definition of “special resolution”:

““Statutes” means the Law and every other law of the Legislature of the Cayman Islands for the time being in force applying to or affecting the Company, the Memorandum of Association and/or these Articles;”;  
and

By inserting the word “Designated” before the words “Stock Exchange” in the definition of “in writing” or “written”.

### Article 4

By deleting the figures “100,000,000” and “1,000,000,000” and substituting thereof with the new figures “1,000,000,000” and “10,000,000,000” respectively.

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### Article 7(A)

By deleting the words “on a poll”; and “that any holder of shares if the class present in person or by proxy or authorised representative may demand a poll”.

### Article 9

By deleting the words “Stock Exchange on which the shares of the Company are listed” and substituting thereof with the new words “Designated Stock Exchange”.

### Article 10

By deleting the words “Stock Exchange on which the shares of the Company are listed” and substituting thereof with the new words “Designated Stock Exchange”.

### Article 11(C)

By deleting the words “Stock Exchange where the Company’s securities are listed or quoted” and substituting thereof with the new words “Designated Stock Exchange”.

### Article 12(A)

By inserting the word “Designated” before the words “Stock Exchange” appearing twice in this Article.

### Article 13

By deleting the words “Stock Exchange on which the shares of the Company are listed” and substituting thereof with the new words “Designated Stock Exchange”.

### Article 44

By deleting the words “Stock Exchange on which the shares of the Company are listed” in item (i) and substituting thereof with the new words “Designated Stock Exchange”.

### Article 47

By deleting the words “Stock Exchange on which the shares of the Company are listed” and substituting thereof with the new words “Designated Stock Exchange”.

### Article 55

By deleting the words “Stock Exchange on which the Company’s securities are listed or quoted” and substituting thereof with the new words “Designated Stock Exchange”.

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### Article 58

By deleting the existing Article 58 in its entirety and substituting thereof with the following Article 58(A) and Article 58(B):

- “58. (A) An annual general meeting shall be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days and any extraordinary general meeting at which the passing of a special resolution is to be considered shall be called by notice of not less than twenty one (21) clear days and not less than ten (10) clear business days. All other extraordinary general meetings may be called by notice of not less than fourteen (14) clear days and not less than ten (10) clear business days but if permitted by the rules of the Designated Stock Exchange, a general meeting may be called by shorter notice, subject to the Law, if it is so agreed:
- (i) in the case of a meeting called as the annual general meeting, by all the members entitled to attend and vote thereat; and
  - (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent in nominal value of the shares giving that right.
- (B) The notice shall specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in case of special business, the general nature of the business. The notice convening an annual general meeting shall specify the meeting as such. Notice of every general meeting shall be given to all members other than to such members as, under the provisions of these Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, to all persons entitled to a share in consequence of the death or bankruptcy or winding up of a member and to each of the Directors and the Auditors.”

### Article 59

By deleting the existing Article 59 in its entirety and substituting thereof with the words “(Intentionally deleted)”.

### Article 60

By deleting Article 60 in its entirety and substituting thereof with the following new Article 60:

- “60. The accidental omission to give notice of a meeting or (in cases where instruments of proxy are sent out with the notice) to send such instrument

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## NOTICE OF ANNUAL GENERAL MEETING

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of proxy to, or the non-receipt of notice of a meeting or such instrument of proxy by, any person entitled to receive notice shall not invalidate any resolution passed or any proceedings at any meeting.”.

### Article 61

By deleting the existing Article 61 in its entirety and substituting thereof with the words “(Intentionally deleted)”.

### Article 68

By renumbering the existing Article 68 as new Article 68(A); and

By inserting the following paragraph immediately after the renumbered Article 68(A) as new Article 68(B):

“68. (B) At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll.”.

### Article 69

By deleting the existing Article 69 in its entirety and substituting thereof with the words “(Intentionally deleted)”.

### Article 70

By deleting the existing Article 70 in its entirety and substituting thereof with the words “(Intentionally deleted)”.

### Article 71

By inserting a comma after the words “an equality of votes” and by deleting the words “whether on a show of hands or on a poll,”.

### Article 72

By deleting the existing Article 72 in its entirety and substituting thereof with the words “(Intentionally deleted)”.

### Article 73

By deleting the existing Article 73 in its entirety and substituting thereof with the words “(Intentionally deleted)”.

### Article 74

By deleting the words “on a show of hands” after the words “to any class or classes of shares,”.

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### Article 77

By renumbering the existing Article 77 as new Article 77(A) and by deleting the words “, whether on a show of hands or on a poll,” in the renumbered Article 77(A).

### Articles 77(A)(1) and 77(A)(2)

By renumbering the existing Articles 77(A)(1) and 77(A)(2) as new Articles 77(B) and 77(C) respectively.

### Article 81

By deleting the existing Article 81 in its entirety and substituting thereof with the following new Article 81:

“81. The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified at the registration office or the office, as may be appropriate) not less than forty eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote.”

### Article 82

By deleting existing Article 82 in its entirety and substituting thereof with the following New Article 82:

“82. No instrument appointing a proxy shall be valid after the expiration of twelve (12) months from the date named in it as the date of its execution, except at an adjourned meeting in cases where the meeting was originally held within twelve (12) months from such date. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.”

### Article 83

By deleting the words “to demand or join in demanding a poll and”.

### Article 86

By renumbering the existing Articles 86 and 86(A) as new Articles 86(A) and 86(B) respectively.

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### Article 104(B)

By deleting the words “Stock Exchange where the Company’s securities are listed or quoted” and substituting thereof with the new words “Designated Stock Exchange”.

### Article 159

By renumbering the existing Articles 159 and 159(A) as new Articles 159(A) and 159(B) respectively;

By deleting the words “Stock Exchange on which the shares of the Company are listed” and substituting thereof with the new words “Designated Stock Exchange” in the renumbered Article 159(A); and

By deleting the words “Article 159” and substituting thereof with the new words “Article 159(A)” and by inserting the word “Designated” before the words “Stock Exchange” in the renumbered Article 159(B).

### Article 160

By deleting the words “Stock Exchange where the Company’s securities are listed or quoted” and substituting thereof with the new words “Designated Stock Exchange”.

### Article 164

By inserting the word “Designated” before the words “Stock Exchange” appearing twice in this Article; and

By deleting the word “Member” both after the words “in a prepaid envelop addressed to such” and “notice being duly received by the” and substituting both thereof with the new word “member”.

### Article 165

By deleting the word “and” at the end of item (b);

By deleting the full stop at the end of item (c) and substituting thereof with the words “; and”; and

By inserting the following paragraph immediately after item (c):

“(d) may be given to a member either in the English language or the Chinese language, subject to due compliance with the provisions of the Statutes and rules and regulations of the relevant Designated Stock Exchange.”.

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## NOTICE OF ANNUAL GENERAL MEETING

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### Article 171

By renumbering the existing Articles 171 and 171(A) as new Articles 171(A) and 171(B) respectively.”

- (c) “THAT the Memorandum and Articles of Association of the Company consolidating all of the proposed amendments referred to in paragraphs (a) and (b) above and all previous amendments made pursuant to resolutions passed by the members of the Company at general meetings in the form produced to the meeting, a copy of which has been produced to this meeting and marked “A” and initialled by the chairman of this meeting for the purpose of identification, be and are hereby approved and adopted as the amended and restated Memorandum and Articles of Association of the Company in substitution for and to the exclusion of all the existing Memorandum and Articles of Association of the Company with immediate effect.”

By order of the Board  
**Daphne International Holdings Limited**  
**Chan Oi Chu**  
*Company Secretary*

Hong Kong, 21 April 2009

*Notes:*

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies 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, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
3. The register of members of the Company will be closed from 25 May 2009 to 27 May 2009, both dates inclusive, during which period no transfer of shares will be effected. In order to be entitled to attend and vote at the meeting and to qualify for the proposed final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s share registrar in Hong Kong not later than 4:00 p.m. on 22 May 2009.
4. Where there are joint holders of any share, any one of such persons may vote at any meeting, either in person 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 be present any meeting the vote of the senior who tenders a vote, whether a person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand first in the register of members in respect of the joint holding.
5. Please refer to Appendix II of the circular dated 21 April 2009 (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 to be dispatched to shareholders.