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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, 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 transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or 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)

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

A notice convening the annual general meeting of Daphne International Holdings Limited (the “**Company**”) to be held at Suite 2418, 24/F, Jardine House, 1 Connaught Place, Central, Hong Kong at 3:00 p.m. on Thursday, 24 May 2018 (the “**AGM**”) is set out on pages 13 to 16 of this circular.

Whether or not you are able to attend the AGM, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company’s share registrar in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time of 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 at any adjournment meeting should you so wish.

* for identification purpose only

Hong Kong, 17 April 2018

LETTER FROM THE BOARD

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. Chang Chih-Kai

(Chairman & Chief Executive Officer)

Mr. Chang Chih-Chiao

Mr. Chen Tommy Yi-Hsun

Non-executive Director:

Mr. Chen Ying-Chieh

Independent Non-executive Directors:

Mr. Huang Shun-Tsai

Mr. Kuo Jung-Cheng

Mr. Lee Ted Tak Tai

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Principal Place of Business in Hong Kong:

17/F, Fung House

19-20 Connaught Road Central

Hong Kong

17 April 2018

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, among other things, information regarding the resolutions to be proposed at the AGM relating to (i) the granting to the directors of the Company (the “**Directors**”) of general mandates to repurchase and issue shares of the Company (the “**Shares**”), (ii) the re-election of the retiring Directors, and to give you the notice of the AGM.

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 24 May 2017 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 No. 7 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**”).

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LETTER FROM THE BOARD

Mandate”) up to a maximum of 10% of the total number of the issued Shares 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. 7(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 10 April 2018, 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 24 May 2017 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. 8 will be proposed to grant the Directors an unconditional general mandate to allot, issue and deal with Shares not exceeding 20% of the total number of the issued Shares 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. 8(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. 9 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**”).

LETTER FROM THE BOARD

RE-ELECTION OF RETIRING DIRECTORS

Pursuant to Article 99 of the Articles of Association of the Company (the “Articles”), 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 by rotation 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 AGM. The Nomination Committee of the Company also assessed the independence of all the independent non-executive Directors. 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.

As such, Mr. Chang Chih-Kai, Mr. Chang Chih-Chiao and Mr. Lee Ted Tak Tai will retire and, being eligible, offer themselves for re-election. Particulars of each of them are set out in Appendix II to this circular.

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.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 18 May 2018 to 24 May 2018, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for attending the AGM, all transfer documents 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 Thursday, 17 May 2018.

LETTER FROM THE BOARD

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, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

RECOMMENDATION

The Board considers that the proposed grant of the Repurchase Mandate, the Issue Mandate, the Extension 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,
By order of the Board
Chang Chih-kai
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. ISSUED SHARES

As at the Latest Practicable Date, there were a total of 1,649,142,384 Shares in issue.

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 total number of issued Shares 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 the 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 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 might have 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, 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.

APPENDIX I EXPLANATORY STATEMENT ON REPURCHASE MANDATE

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 | Lowest |
| | <i>HK\$</i> | <i>HK\$</i> |
| 2017 | | |
| April | 0.80 | 0.76 |
| May | 0.88 | 0.80 |
| June | 0.85 | 0.80 |
| July | 0.83 | 0.70 |
| August | 0.70 | 0.62 |
| September | 0.68 | 0.64 |
| October | 0.63 | 0.52 |
| November | 0.55 | 0.52 |
| December | 0.52 | 0.47 |
| 2018 | | |
| January | 0.56 | 0.485 |
| February | 0.56 | 0.49 |
| March | 0.52 | 0.475 |
| April (up to the Latest Practicable Date) | 0.465 | 0.46 |

6. TAKEOVERS CODE

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 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 Shares, under the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance (“SFO”) were:

| 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 <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 interests | 179,508,895 <i>(Note 2)</i> | 10.88% | 12.09% |
| 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 and personal interests | 161,740,920 <i>(Note 3)</i> | 9.81% | 10.90% |
| Wellington Management Group LLP | Investment manager | 147,201,010 | 8.93% | 9.92% |

Notes:

1. *Mr. Chang Chih-Kai, the Chairman and Chief Executive Officer, 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, a non-executive director 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 would not result in any of them becoming obliged to make a mandatory offer under Rule 26 and Rule 32 of the Takeovers Code.

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 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.

8. UNDERTAKING

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 and the applicable laws of the Cayman Islands.

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

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

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

Mr. Chang Chih-Kai

Mr. CHANG Chih-Kai, aged 37, has been an executive director of the Company since November 2004. He was appointed as the Chairman of the Board in May 2017 and as the Chief Executive Officer (“CEO”) in April 2016. Mr. Chang is responsible for strategic planning and overall management of the Group. He has joined the Group since 2003 and accumulates over 10 years of experience in footwear industry with focus on product development, production, merchandising, as well as general management. He studied a bachelor’s degree of Art in Auckland University after graduated from Pakuranga College in New Zealand. Mr. Chang is the brother of Mr. Chang Chih-Chiao, an executive director, a cousin of Mr. Chen Ying-Chieh, a non-executive director, and Mr. Chen Tommy Yi-Hsun, an executive director. Mr. Chang holds directorships in certain subsidiaries of the Company.

As at the Latest Practicable Date, Mr. Chang has 26% beneficial interests in Lucky Earn International Limited which holds 400,719,995 Shares, representing approximately 24.30% of the issued Shares. He also has personal interests in 6,000,000 underlying Shares in respect of the share options granted by the Company, representing approximately 0.36% 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.

There is no service contract between the Company and Mr. Chang. He is subject to the retirement by rotation pursuant to the Articles. The annual emoluments to Mr. Chang are approximately HK\$3,060,000 plus discretionary bonus as determined by the Board with reference to his duties, responsibilities, experience and qualification and reviewed by the Remuneration Committee of the Company.

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. Chang Chih-Chiao

Mr. CHANG Chih-Chiao, aged 35, joined the Group in 2007 and has become an executive director of the Company since June 2009. He is currently responsible for product development and design, and marketing functions. Mr. Chang 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, the CEO, the Chairman and an executive director, a cousin of Mr. Chen Ying-Chieh, a non-executive director, and Mr. Chen Tommy Yi-Hsun, an executive director.

As at the Latest Practicable Date, Mr. Chang has 26% beneficial interests in Lucky Earn International Limited which holds 400,719,995 Shares, representing approximately 24.30% of the issued Shares. He also has personal interests in 3,000,000 underlying Shares in respect of the share options granted by the Company, representing approximately 0.18% 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.

There is no service contract between the Company and Mr. Chang. He is subject to the retirement by rotation pursuant to the Articles. The annual emoluments to Mr. Chang are approximately HK\$1,660,000 plus discretionary bonus as determined by the Board with reference to his duties, responsibilities, experience and qualification and reviewed by the Remuneration Committee of the Company.

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. Lee Ted Tak Tai

Mr. LEE Ted Tak Tai, aged 67, has been an independent non-executive director of the Company since September 2011. Mr. Lee is currently the managing director of T Plus Capital Limited which engages in the provision of strategic, financial and business development advisory services in China. Mr. Lee is an independent non-executive director of East West Bank (China) Limited (a wholly-owned China subsidiary of NASDAQ-listed East West Bancorp, Inc.), ENM Holdings Limited (listed on the Stock Exchange, stock code 128) and COFCO Meat Holdings Limited (listed on the Stock Exchange, stock code 1610). Mr. Lee is a US certified public accountant (inactive) and has extensive experience in auditing and accounting sectors. He was a senior partner at Deloitte, where he worked for over 30 years both in the 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 any directorships in 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 the expiry of the existing term, and is subject to retirement by rotation in accordance with the Articles. Mr. Lee is entitled to receive a director's fee of HK\$450,000 per annum.

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 Suite 2418, 24/F, Jardine House, 1 Connaught Place, Central, Hong Kong at 3:00 p.m. on Thursday, 24 May 2018 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 for the year ended 31 December 2017;
2. To re-elect Mr. Chang Chih-Kai as an executive director;
3. To re-elect Mr. Chang Chih-Chiao as an executive director;
4. To re-elect Mr. Lee Ted Tak Tai as an independent non-executive director;
5. To authorise the board of directors to fix the directors’ remuneration;
6. To re-appoint PricewaterhouseCoopers as the Company’s auditor and authorise the board of directors 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):

7. **“THAT:**
 - (a) subject to paragraph 7(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 which is 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;

* for identification purpose only

NOTICE OF ANNUAL GENERAL MEETING

- (b) the approval in paragraph 7(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 number of shares of the Company to be repurchased or agreed to be repurchased by the Company pursuant to the approval in paragraph 7(a) above shall not exceed 10% of the total number of the issued shares of the Company 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 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.”

8. “**THAT:**

- (a) subject to paragraph 8(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 8(a) above, shall be in addition to any other authorisation 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;

NOTICE OF ANNUAL GENERAL MEETING

- (c) the aggregate number of shares 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 8(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 total number of the issued shares of the Company 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
- (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, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company).”

NOTICE OF ANNUAL GENERAL MEETING

9. “**THAT** conditional upon the passing of resolution Nos. 7 and 8 above, the general mandate granted to the Directors pursuant to resolution No. 8 be and hereby extended by adding thereto of the aggregate number of the shares as stated in resolution No. 7 above provided that such amount shall not exceed 10% of the total number of the issued shares of the Company at the date of passing this resolution.”

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

Hong Kong, 17 April 2018

Notes:

1. Any shareholders of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two proxies (who must be an individual) to attend and on a poll, vote instead of him/her. A proxy need not be a shareholder 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 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 shareholder from attending and voting in person at the meeting.
3. The register of members of the Company will be closed from 18 May 2018 to 24 May 2018, 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 Thursday, 17 May 2018.
4. Where there are joint registered holders of any share, any one of such persons may vote at the 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 the 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 the event that a typhoon signal no. 8 or above is hoisted or a black rainstorm warning signal is in force on the day of the meeting, shareholders are suggested to contact the Company’s share registrar in Hong Kong by telephone at (852) 2980 1333 for arrangement of the meeting.

As at the date of this notice, the board of directors of the Company comprises three Executive Directors, namely Mr. Chang Chih-Kai, Mr. Chang Chih-Chiao and Mr. Chen Tommy Yi-Hsun; one Non-executive Director, namely Mr. Chen Ying-Chieh; and three Independent Non-executive Directors, namely Mr. Huang Shun-Tsai, Mr. Kuo Jung-Cheng and Mr. Lee Ted Tak Tai.