
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 Tuesday, 26 May 2020 (the “**AGM**”) is set out on pages 11 to 14 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 54, 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.

Hong Kong, 17 April 2020

* for identification purpose only

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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

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Independent Non-executive Directors:

Mr. Hon Ping Cho Terence

Mr. Huang Shun-Tsai

Mr. Kuo Jung-Cheng

Principal Place of Business in Hong Kong:

Unit 2605, 26/F, The Metropolis Tower

10 Metropolis Drive, Hung Hom, Kowloon

Hong Kong

17 April 2020

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 23 May 2019 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, the full text of which is set out as resolution No. 6 in the notice of the AGM, 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

* for identification purpose only

LETTER FROM THE BOARD

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. 6(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 8 April 2020, 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 23 May 2019 to issue Shares 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, the full text of which is set out as resolution No. 7 in the notice of the AGM, 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. 7(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, the full text of which is set out as resolution No. 8 in the notice of the AGM, 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 84 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 a multiple of 3, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

In addition, in accordance with Article 83(3), any Director appointed by the Board to fill a casual vacancy shall hold office until the first annual general meeting after his appointment and be subject to re-election at such meeting. Accordingly, Mr. Hon Ping Cho Terence who was appointed by the Board on 25 September 2019 as independent non-executive Director of the Company will retire and re-elect at the AGM.

The re-election of the retiring Directors has been reviewed by the Nomination Committee of the Company which made recommendations to the Board that the re-election be proposed for the Shareholders’ approval at the AGM. The Nomination Committee 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 Latest Practicable Date, 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-Chiao and Mr. Hon Ping Cho Terence 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, any vote of shareholders at the AGM must 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 Thursday, 21 May 2020 to Tuesday, 26 May 2020, 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 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 20 May 2020.

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.

LETTER FROM THE BOARD

RECOMMENDATION

The Board considers that the proposals 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 the Shareholders to vote in favour of the resolutions to be proposed at the AGM as set out in the notice of the AGM.

GENERAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By order of the Board
Daphne International Holdings Limited
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 the 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 asset value and/or earnings per Share. The Directors are seeking the 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 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, the Listing Rules and any other applicable laws. It is envisaged that the funds required for any repurchases would be derived from the distributable reserves 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>
2019		
April	0.255	0.238
May	0.245	0.209
June	0.239	0.200
July	0.198	0.161
August	0.395	0.176
September	0.475	0.193
October	0.205	0.152
November	0.156	0.127
December	0.162	0.126
2020		
January	0.155	0.126
February	0.130	0.119
March	0.121	0.084
April (up to the Latest Practicable Date)	0.113	0.102

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 Codes on Takeovers and Mergers and Share Buy-backs (the "**Takeovers Code**") issued by the Securities and Futures Commission of Hong Kong. As a result, a Shareholder or a group of Shareholders acting in concert, 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, 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 held	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 interest	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-Che	Interests of controlled corporation	147,740,920 <i>(Note 3)</i>	8.96%	9.95%
Mr. Chen Ying-Chieh	Interests of controlled corporation	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%

APPENDIX I EXPLANATORY STATEMENT ON REPURCHASE MANDATE

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.*
2. *Mr. Chen Tommy Yi-Hsun, an ex-director of the Company, and Ms. Chen Jennifer Yi-Chen have beneficial interests of 50% each in Top Glory Assets Limited. 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, an ex-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.

The Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any repurchases made under the Repurchase Mandate. The Company, however, has no intention to exercise the Repurchase Mandate to the effect that it will result in the public float to fall below 25% or such other minimum percentage prescribed by the Listing Rules from time-to-time.

7. SHARE REPURCHASES MADE BY THE COMPANY

No repurchase of Shares (whether on the Stock Exchange or otherwise) has been made by the Company during the six months immediately preceding the Latest Practicable Date.

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:

(1) Mr. Chang Chih-Chiao

Mr. Chang Chih-Chiao, aged 37, 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 Chairman, Chief Executive Officer and an executive director of the Company, and also 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 interest 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\$2,400,000 plus discretionary bonus as determined by the Board with reference to the performance of the individual and the Group, 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.

(2) Mr. Hon Ping Cho Terence

Mr. Hon Ping Cho Terence, aged 60, has been an independent non-executive director of the Company since September 2019. He is also the chairman of the Audit Committee and a member of both the Nomination Committee and the Remuneration Committee. Currently, Mr. Hon is also an independent non-executive director of the four companies listed on the Stock Exchange, namely Xiabuxiabu Catering Management (China) Holdings Co., Ltd. (Stock Code: 520), Jimu Group Limited (Stock Code: 8187), 361 Degrees International Limited (Stock Code: 1361) and SinoMab BioScience Limited (Stock Code 3681). He was previously the chief financial officer and company secretary of DTXS Silk Road Investment Holdings Company Limited (Stock Code: 620) from June 2016 (as chief financial officer) and November 2016 (as company secretary) until September 2018. Prior to working at DTXS Silk Road Investment Holdings Company Limited, Mr. Hon worked at a number of companies, including at Auto Italia

Holdings Limited (Stock Code: 720) as chief financial officer and company secretary between December 2013 and April 2016, China Dongxiang (Group) Co., Ltd. (Stock Code: 3818) as chief financial officer between December 2010 and October 2012, Ka Wah Construction Materials (Hong Kong) Limited as chief financial officer between September 2008 to December 2010, TOM Group Limited (Stock Code: 2383) between June 2001 and February 2008 with his last position as the group finance director, and Ng Fung Hong Limited as a company secretary of the group between 1996 and 2001. Before moving to the commercial section, Mr. Hon worked in an international accounting firm.

Mr. Hon is a fellow member of the Association of Chartered Certified Accountants, a member of the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants in England and Wales. He obtained a master's degree in Business Administration (Financial Services) from The Hong Kong Polytechnic University in November 2004.

Mr. Hon does not have any relationship with any other directors, senior management, substantial or controlling shareholders of the Company. Save as disclosed above, he has not held any directorships in other public companies the securities which are listed on the Stock Exchange or any securities market overseas in the last three years.

As at the Latest Practicable Date, Mr. Hon does not have any interest in the shares of the Company with the meaning of Part XV of the SFO.

Mr. Hon has a letter of appointment with the Company, which is for a term of three years 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. Hon is entitled to receive a director's fee of HK\$396,000 per annum, which is determined by the Board with reference to his duties and responsibilities within the Company and prevailing market conditions.

Save as disclosed above, there is no information relating to Mr. Hon 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 Tuesday, 26 May 2020 (the “**AGM**”) to consider and, if thought fit, transact the following business:

ORDINARY RESOLUTIONS

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 2019;
2. To re-elect Mr. Chang Chih-Chiao as executive director of the Company;
3. To re-elect Mr. Hon Ping Cho Terence as independent non-executive director of the Company;
4. To authorise the board of directors of the Company to fix the directors’ remuneration;
5. 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):

6. **“THAT:**
 - (a) subject to paragraph (c) below, the exercise by the directors of the Company (“**Directors**”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of 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 (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 (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.”

7. “**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 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 (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 applicable to the Company).”

NOTICE OF ANNUAL GENERAL MEETING

8. “**THAT** conditional upon the passing of resolution Nos. 6 and 7 above, the general mandate granted to the Directors pursuant to resolution No. 7 above be and hereby extended by adding thereto of the aggregate number of the shares as stated in resolution No. 6 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 2020

Notes:

1. *Any shareholder of the Company entitled to attend and vote at the AGM is entitled to appoint more than one proxy 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong 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 a shareholder from attending and voting in person at the AGM. In such event, the form of proxy will be deemed to be revoked.*
3. *The register of members of the Company will be closed from Thursday, 21 May 2020 to Tuesday, 26 May 2020, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to qualify to attend and vote at the AGM, 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 Wednesday, 20 May 2020 for registration.*
4. *Where there are joint registered holders of any share, any one of such persons may vote at the AGM, 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 AGM 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 or extreme conditions caused by super typhoon is in force on the day of the AGM, shareholders are suggested to contact the Company's share registrar in Hong Kong by telephone at (852) 2980 1333 for arrangement of the AGM.*
6. *Taking into account of the recent development of the epidemic caused by novel coronavirus pneumonia (COVID-19), the Company will implement the following prevention and control measures at the AGM against the epidemic to protect the shareholders from the risk of infection:*
 - (i) *Compulsory body temperature check will be conducted for every shareholder or proxy at the entrance of the venue. Any person with a body temperature of over 37.5 degrees Celsius will not be admitted to the venue;*
 - (ii) *Every shareholder or proxy who has travelled from jurisdictions, which according to the Department of Health of Hong Kong would render such person subject to a quarantine order, within 14 days of the date of the AGM will not be admitted to the venue;*
 - (iii) *Every shareholder or proxy is required to wear surgical facial mask throughout the AGM; and*
 - (iv) *No refreshment will be served.*

Furthermore, the Company wishes to advise the shareholders, particularly shareholders who are subject to quarantine in relation to COVID-19, that they may appoint the chairman of the AGM as a proxy to vote on the resolution, instead of attending the AGM in person.