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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)

DISCLOSEABLE TRANSACTION

PURCHASE OF WEALTH MANAGEMENT PRODUCT

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On 7 March 2022, Daphne Investment, a wholly owned subsidiary of the Company, purchased a wealth management product (the “**Wealth Management Product**”) offered and managed by Hua Xia Wealth Management. The principal amount of the Wealth Management Product purchased by Daphne Investment is RMB30 million.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratio (as calculated under Rule 14.07 of the Listing Rules) in respect of the Wealth Management Product exceeds 5% but all of the applicable percentage ratios are less than 25%, the purchase of the Wealth Management Product as mentioned above constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

BACKGROUND

On 7 March 2022, Daphne Investment purchased the Wealth Management Product offered and managed by Hua Xia Wealth Management. The principal amount of the Wealth Management Product purchased by Daphne Investment is RMB30 million. The salient terms of the Wealth Management Product are as follows:

** for identification purpose only*

THE WEALTH MANAGEMENT PRODUCT

- (1) Date of subscription: 7 March 2022
- (2) Parties: (a) Hua Xia Wealth Management; and
(b) Daphne Investment
- (3) Name of the product: Hua Xia Enhanced Closed-end Fixed Income Wealth Management Wealth Management Product No. 39 (華夏理財固定收益增強型封閉式理財產品39號)
- (4) Type of return: Non-principal guaranteed with variable return
- (5) Subscription amount (i.e. the principal amount): RMB 30,000,000, which was settled by internal resources of the Group
- (6) Term of the product: From 8 March 2022 to 11 April 2023 (399 days)
- (7) Underlying investment and expected annualized rate of return:

The underlying investment primarily consists of money market instruments, standardized credit assets, non-standardized debt assets and other fixed-income assets and equity assets. Investment in fixed income assets will account for 80% to 100% of the portfolio and the investment in equity assets will account for 0% to 20%.

The expected annualized rate of return is 4.45%, provided that if actual annual return exceeds 4.45%, Hua Xia Wealth Management shall be entitled to 50% of the excess return as excess management fee (“**Excess Management Fee**”).
- (8) Principle for calculation of return: Hua Xia Wealth Management shall calculate the return on the basis of the performance of the underlying investment and taking into account of any applicable management and administrative fees such as Excess Management Fee, Fixed Management Fee, Custodial Fee, and Sales Fee.

(9) Right of early termination In the event that Hua Xia Wealth Management proposes to amend certain terms to the Wealth Management Product (“**Proposed Changes**”) by publishing the Proposed Changes on its official website 3 days prior to the changes will take effect (“**Notice Period**”), Daphne Investment has the right to request for early termination during the Notice Period if it does not agree with the Proposed Changes, unless the Proposed Changes are (1) necessary for the operation of the Wealth Management Product and without prejudice to Daphne Investment’s interest; or (2) the results of changes in the laws and regulations of the PRC.

Hua Xia Wealth Management has the right to early termination due to (among others) material changes in relevant laws, regulations and national policies in the PRC which affect the normal operation of the Wealth Management Product and substantial volatility in market return which potentially or actually affects the investment return of the Wealth Management Product to be realized. Hua Xia Wealth Management shall notify Daphne Investment at least 3 Business Days prior to the date of early termination by way of a notification published on its official website.

(10) Payment of return The return of the principal and investment return (if any) on the Wealth Management Product shall be paid within 2 Business Days of the maturity date.

INFORMATION OF THE PARTIES

Daphne Investment is a company incorporated in the PRC and a wholly owned subsidiary of the Company, and its principal business is distribution and licensing of footwear and accessories and investment holding. The Group is principally engaged in the distribution and licensing of footwear and accessories in the PRC. To the best of the Directors’ knowledge, Hua Xia Wealth Management is company incorporated in the PRC principally engaged in offering services related to public and private wealth management products, financial advisory and consulting.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, Hua Xia Wealth Management is an Independent Third Party.

REASONS FOR AND BENEFITS OF THE PURCHASE OF THE WEALTH MANAGEMENT PRODUCT

The purchase of the Wealth Management Product was made for treasury management purpose to provide with a better return on the idle funds of the Company and was conducted on the premises that such investments would not affect its working capital or its ordinary business operations. The expected return of the Wealth Management Product is higher than bank deposits offered by commercial banks, and thus would likely increase the Group's earnings. Further, the underlying investments are considered to have a relatively low risk. Overall, the purchase of the Wealth Management Product is consistent the internal risk management, treasury management and investment policies of the Group.

The Directors consider that the terms of the Wealth Management Product are fair and reasonable and comparable to investment products of a similar nature in the market are in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratio (as calculated under Rule 14.07 of the Listing Rules) in respect of the Wealth Management Product exceeds 5% but all of the applicable percentage ratios are less than 25%, the purchase of Wealth Management Product as mentioned above constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

Prior to and at the time of the purchase of the Wealth Management Product, the responsible members of staff failed to notify the senior management or Directors of the Company as they were not aware that the purchase of the Wealth Management Product constituted a notifiable transaction under the Listing Rules due to misunderstanding of the application of the Listing Rules. The transaction and its relevant details were subsequently reported to the senior management and Directors after review of regular internal financial reports by the senior management and Directors and follow-up enquiries raised by them.

The Directors, on behalf of the Company, hereby apologize for the delay in making this announcement. In order to avoid recurrence of the incident and to ensure proper compliance with the Listing Rules in the future, the following remedial measures will be taken by the Group:

- (1) regular training will be provided to the Directors, senior management and the relevant employees in relation to the requirements under the Listing Rules, particularly those concerning notifiable transactions and the internal notification and approval procedures, to reinforce their understanding of and importance of compliance with the Listing Rules and internal procedures;
- (2) in appropriate cases, the Company will consult its legal advisors on any transaction that might constitute a notifiable transaction on a timely manner and seek their advice to ensure compliance with the relevant requirements under the Listing Rules; and
- (3) the Company will continue to review its internal control procedures to ensure compliance with the relevant requirements under the Listing Rules and make further announcement(s) as and when appropriate.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms have the meanings set out below, and words in plural shall include the singular and vice versa, as applicable:

Board	the board of directors of the Company
Business Day	a day on which Hua Xia Wealth Management is generally open for normal business and which is not a Saturday, Sunday or Public Holiday in the PRC (but including the working Saturday and Sundays as temporarily stipulated by the relevant authority in the PRC)
Company	Daphne International Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 210)
Custodial Fee	calculated at the annual rate of 0.03% and accrued daily based on the Net Value of the previous day
Daphne Investment	Daphne Investment (Group) Co., Ltd. 達芙妮投資（集團）有限公司, a wholly owned subsidiary of the Company
Director(s)	directors of the Company
Fixed Management Fee	calculated at the annual rate of 0.20% and accrued daily based on the Net Value of the previous day
Group	the Company and its subsidiaries
HK\$	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of the People's Republic of China
Hua Xia Wealth Management	Hua Xia Wealth Management Co., Ltd.* 華夏理財有限責任公司
Independent Third Party	person who is not a connected person (as defined in the Listing Rules) of the Company and is a third party independent of and not connected with the Company or its connected persons (as defined in the Listing Rules)
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time

Net Value	the value of the Wealth Management Product after deducting the Custodial Fee, Fixed Management Fee and Sales Fee
PRC	the People's Republic of China (for the purpose of this announcement, excluding Hong Kong)
RMB	Renminbi, the lawful currency of the PRC
Sales Fee	calculated at the annual rate of 0.05% and accrued daily based on the Net Value of the previous day
Wealth Management Product	the wealth management product offered and managed by Hua Xia Wealth Management which Daphne Investment purchased (with a principal amount of RMB30 million) on 7 March 2022
%	per cent.

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

Hong Kong, 19 March 2022

As at the date of this announcement, the Board of the Company comprises three Executive Directors, namely Mr. Chang Chih-Kai, Mr. Chang Chih-Chiao and Mr. Wang Jungang; and three Independent Non-executive Directors, namely Mr. Huang Shun-Tsai, Mr. Hon Ping Cho Terence and Mr. Tan Philip.