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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)

GRANT OF SHARE OPTIONS

This announcement is made pursuant to Rule 17.06A of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The board (the “**Board**”) of directors (the “**Director(s)**”) of Daphne International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) hereby announces that on 14 December 2021, the Company granted an aggregate of 121,300,000 share options (“**Share Options**”) to subscribe for 121,300,000 ordinary shares of HK\$0.10 each of the Company (“**Shares**”) to a number of eligible participants (the “**Grantees**”) under the share option scheme adopted by the Company on 27 August 2013 (the “**Scheme**”). The Share Options are subject to (among others) the acceptance of the Grantees. Upon full exercise of the Share Options, the Shares to be allotted and issued thereunder represent approximately 6.69% of the total number of Shares in issue as at the date of this announcement and approximately 6.27% of the enlarged share capital of the Company.

Details of the Share Options granted are set out below:

Date of grant	:	14 December 2021 (the “ Grant Date ”)
Exercise price of the Share Options granted	:	HK\$0.20 per Share, which a price not less than the higher of: <ol style="list-style-type: none">i. the closing price of HK\$0.154 per Share as stated in the daily quotation sheets issued by the Stock Exchange on the Grant Date;ii. the average of the closing prices of HK\$0.155 per Share as stated in the daily quotation sheets issued by the Stock Exchange for the five (5) business days immediately preceding the Grant Date; andiii. the nominal value of a Share of HK\$0.1.
Number of Share Options granted	:	121,300,000 Share Options, of which 51,800,000 Share Options are subject to the approval of the independent shareholders of the Company (the “ Independent Shareholders ”) at a general meeting to be convened by the Company. Each Share Option shall entitle the holder thereof to subscribe for one (1) Share.
Closing price of the Shares on the Grant Date	:	HK\$0.154 per Share
Validity period	:	10 years from the Grant Date

* *for identification purpose only*

Exercise period and vesting conditions of the Share Options : The vesting of the 121,300,000 Share Options, subject to the fulfilment of certain performance targets as determined by the Board to each of the proposed Grantees are exercisable as follows:-

<u>Number of Share Options</u>	<u>Exercise period</u>
First tranche (40% of the Share Options)	From 31 December 2022 to 13 December 2031;
Second tranche (30% of the Share Options)	From 31 December 2023 to 13 December 2031;
Third tranche (30% of the Share Options)	From 31 December 2024 to 13 December 2031.

If any Share Option(s) is/are not exercised within the relevant exercise periods set out above, such Share Option(s) will lapse upon the expiry of the relevant exercise period.

Among the Share Options granted above, an aggregate of 103,400,000 Share Options were granted to the Directors, chief executive and/or substantial shareholders of the Company or an associate (as defined in the Listing Rules) of them, details of which are as follows:

<u>Name of Grantees</u>	<u>Position held with the Company</u>	<u>Number of Share Options granted</u>
Mr. Chang Chih-Kai	Executive Director and Chairman of the Board	17,200,000
Mr. Chang Chih-Chiao	Executive Director and Chief Executive Officer	17,200,000
Mr. Wang Jungang	Executive Director and Chief Operating Officer	51,800,000
Ms. Chang Wan-Hsun	Finance Director in Shanghai Headquarters	17,200,000

Ms. Chang Wan-Hsun is also a sister of Mr. Chang Chih-Kai and Mr. Chang Chih-Chiao and has 24% of the beneficial interest in Lucky Earn International Ltd. (“**Lucky Earn**”), a substantial shareholder of the Company. As at the date of this announcement, Lucky Earn is also beneficially owned by Mr. Chang Chih-Kai, Mr. Chang Chih-Chiao and their another sister as to 26%, 26% and 24%, respectively.

Save as disclosed above, none of the Grantees is a Director, chief executive or substantial shareholder of the Company, or any of their respective associates.

REASONS FOR THE GRANT OF SHARE OPTIONS

The grant of Share Options aims to increase market competitiveness of the remuneration package of the Group and to motivate and stabilise senior management and key employees of the Group, so as to strive for successful transition and future development of the Group as well as achieving overall strategic goals of the Group.

In view of the above, the Directors (including the independent non-executive Directors) considered that the grant of Share Options is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Pursuant to Rule 17.04(1) of the Listing Rules and the Scheme, the grant of Share Options to each of the above Directors, chief executive and/or substantial shareholder of the Company and their respective associates, has been reviewed and approved by the independent non-executive Directors. Each of the relevant Grantees has also abstained from voting in the Board meeting so far as the resolution for the approval of the grant of the Share Options to each of them or their respective associates was concerned.

Further, pursuant to Rule 17.03(4) of the Listing Rules and the Scheme, where any further grant of options to a participant would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the relevant class of Shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such participant and his close associates (or his associates if the participant is a connected person) abstaining from voting at the general meeting.

The total number of Shares issued and to be issued upon exercise of the Share Options to be granted to each of Mr. Chang Chih-Kai, Mr. Chang Chih-Chiao and Ms. Chang Wan-Hsun each would in a 12-month period represents in aggregate over 0.1% but less than 1% of the Shares in issue and has an aggregate value, based on the closing price of the Shares as at the Grant Date, less than HK\$5 million.

However, as the total number of Shares issued and to be issued upon full exercise of the Share Options granted to Mr. Wang Jungang represents over 1% of the Shares in issue as at the Grant Date, and has an aggregate value, based on the closing price of the Shares as at the Grant Date, in excess of HK\$5 million, the grant of the Share Options to Mr. Wang Jungang is subject to approval by the Independent Shareholders at a general meeting pursuant to Rules 17.04(1) and 17.03(4) of the Listing Rules. Mr. Wang Jungang and his associates must abstain from voting in favour at the general meeting.

A circular containing, among other things, further information in relation to the grant of the Share Options to Mr. Wang Jungang as required under the Listing Rules, together with the notice of the general meeting, will be despatched to the Shareholders in due course.

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

Hong Kong, 14 December 2021

As at the date of this announcement, the Board 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. Hon Ping Cho Terence, Mr. Huang Shun-Tsai and Mr. Philip Tan.