

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



DA MING INTERNATIONAL HOLDINGS LIMITED

大明國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1090)

ADOPTION OF DA MING SHARE AWARD SCHEME

On 25 August 2011, the Board resolved to adopt the Scheme to encourage and retain Selected Employees to work with the Group and to provide incentive for them to achieve performance goals with a view to achieving the objectives of increasing the value of the Group and aligning the interests of Selected Employees directly to the shareholders of the Company through ownership of Shares. Pursuant to the Scheme, Shares will be purchased by the Trustee in the market out of cash contributed by the Company and be held in trust for the relevant Selected Employees until such Shares are vested in the relevant Selected Employees in accordance with the provisions of the Scheme.

ADOPTION OF THE SCHEME

On 25 August 2011, the Board resolved to adopt the Scheme, pursuant to which Shares will be purchased by the Trustee in the market out of cash contributed by the Company and be held in trust for the relevant Selected Employees until such Shares are vested in the relevant Selected Employees in accordance with the provisions of the Scheme.

The Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules.

The Board will implement the Scheme in accordance with the terms of the Scheme Rules including without limitation the provision of necessary funds to the Trustee for purchase of Shares from time to time. For the avoidance of doubt, no new Share will be granted under the Scheme.

A summary of the Scheme Rules is set out below.

SUMMARY OF THE SCHEME RULES

Purposes

The purposes of the Scheme are to encourage and retain Selected Employees to work with the Group and to provide incentive for them to achieve performance goals with a view to achieving the objectives of increasing the value of the Group and aligning the interests of Selected Employees directly to the shareholders of the Company through ownership of Shares.

Duration and Administration

Subject to any early termination in accordance with the Scheme Rules, the Scheme shall be valid and effective for a period commencing on 25 August 2011 and ending on the date to be determined by the Board (both dates inclusive), after which no further Award will be made but the provisions of the Scheme shall remain in full force and effect to the extent necessary to give effect to any Awards granted prior thereto.

The Scheme shall be subject to the administration of the Board.

The Trustee will hold the Shares and the income derived therefrom in accordance with the terms of the Trust Deed.

Operation of the Scheme

Subject to the approval of the Board, the Remuneration Committee may, after taking into consideration recommendations made by the Chairman, at its discretion:

- (a) select Employee(s) for participation in the Scheme as Selected Employee(s);
- (b) determine the aggregate number of Awarded Shares to be granted to all the Selected Employees in respect of each relevant Financial Year; and
- (c) determine the number of Awarded Shares to be granted to each Selected Employee in respect of each Financial Year, and such Awarded Shares so granted shall constitute all or part of the annual remuneration in respect of the relevant Financial Year payable to such Selected Employee,

provided always that no Award shall be made in respect of any Financial Year unless the Earnings Per Share of the Company for such Financial Year is a positive figure or unless otherwise determined by the Board.

Where any Award is proposed to be made to any Selected Employee who is a director, supervisor or senior management of any member of the Group, or where the Board proposes to waive any conditions imposed on any Award made to such Selected Employee, such Award or waiver (as the case may be) must first be considered and approved by the Remuneration Committee and by the Board. Where a Selected Employee or his associate (within the meaning of the Listing Rules) is a Director, such

person shall abstain from voting on any approval by the Remuneration Committee and the Board of an Award to such Selected Employee.

The Company shall inform a Selected Employee of the number of Awarded Shares granted to him by a written document requiring the Selected Employee concerned to accept the Award within a specified acceptance period.

The Company shall cause the purchase price and related expenses to be transferred to the Trust Account(s) and the Trustee shall, where permissible by the Applicable Laws, purchase Shares in the market out of cash contributed by the Company in accordance with the written instruction of the Company.

Save for a Lapse, Partial Lapse or death of a Selected Employee after the Vesting Date or the deemed Vesting Date and prior to the completion of the transfer of the relevant vested Awarded Shares to the Selected Employee, barring any unforeseen circumstances and subject to the receipt by the Trustee of prescribed documents from the Company, and Applicable Laws having been complied, the Trustee shall transfer the relevant Awarded Shares to the relevant Selected Employee (including, for the purpose of this paragraph, a Selected Employee who ceases to be an Employee by reason of retirement after the relevant Vesting Date or deemed Vesting Date) on the relevant Vesting Date or deemed Vesting Date in accordance with the Company's instruction or as soon as possible thereafter.

A Selected Employee shall have no rights or interests in the Awarded Shares prior to their vesting, the Residual Cash, the Returned Shares or the cash and non-cash income and distribution and the sale proceeds of the non-cash or non-scrip distribution declared in respect of a Share. The cash income and the sale proceeds of the non-cash or non-scrip distribution declared in respect of a Share held upon the Trust shall form part of the trust fund and the Trustee may (a) apply such cash for the purchase of Shares which shall become Returned Shares, (b) apply such cash to defray the relevant fees, costs and expenses incurred by the Trustee, or (c) return such cash to the Company, as the Trustee in its absolute discretion shall determine, after having taken into consideration recommendations of the Remuneration Committee and the Board.

The Trustee is a third party independent of the Company and the connected persons of the Company. In view of the Trustee's experience in acting as trustee for other listed companies in Hong Kong, the Company decided to engage the Trustee as the trustee of the Trust and the Board considers that such engagement is in the interest of the Company and its shareholders as a whole.

Vesting and Lapse

Subject to the Scheme Rules and save for a Lapse or a Partial Lapse and unless otherwise determined by the Board, Awarded Shares shall be vested in the following manner:

- (a) on the date falling on the third anniversary of the relevant Reference Date (or, if such date is not a Business Day, the Business Day immediately following such date), up to 30% of the Awarded Shares awarded to that Selected Employee shall be vested in that Selected Employee;
- (b) subject to sub-paragraph (a) above, on the date falling on the fourth anniversary of the relevant Reference Date (or, if such date is not a Business Day, the Business Day immediately following such date), up to 60% of the Awarded Shares awarded to that Selected Employee shall be vested in that Selected Employee; and
- (c) subject to sub-paragraphs (a) and (b) above, on the date falling on the fifth anniversary of the relevant Reference Date (or, if such date is not a Business Day, the Business Day immediately following such date), all Awarded Shares awarded to that Selected Employee shall be vested in that Selected Employee,

(in each case, rounded down to the nearest whole board lot of 2,000 Shares) or at such times and in such manner as may be determined by the Remuneration Committee and approved by the Board. (The date on which the Awarded Shares are to be vested in accordance with this section headed “Vesting and Lapse” is referred to as a “**Vesting Date**”).

Unless otherwise determined by the Board, an Award (to the extent not vested) shall automatically lapse if, on or prior to the relevant Vesting Date, (i) a Selected Employee ceases to be an Employee (including by reason of retirement or death or otherwise), or (ii) a Selected Employee is found to be an Excluded Employee, or (iii) a Selected Employee fails to achieve specified key performance indicators (if any) or fails to satisfy relevant vesting conditions, or (iv) the company by which a Selected Employee is employed ceases to be a member of the Group, or (v) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of an amalgamation, reconstruction or scheme of arrangement) (each of these, an event of “**Lapse**”).

In the event that a Selected Employee fails to return duly executed transfer documents prescribed by the Company for the relevant Awarded Shares within the stipulated period (whether in the ordinary vesting pursuant to the vesting timetable set out above or on such other dates as provided in the Scheme Rules) (an event of “**Partial Lapse**”), the relevant part of the Award shall automatically lapse.

In the event of a Lapse or a Partial Lapse, the relevant Awarded Shares shall not be vested on the relevant Vesting Date but shall immediately become Returned Shares. The Trustee shall hold Returned Shares exclusively for the benefit of all or one or more of the Selected Employees, as the Trustee in its discretion shall at any time determine, after having taken into consideration recommendations made by the Chairman, considered and consented to by the Remuneration Committee and approved by the Board.

Subject to Applicable Laws, if there occurs an event of change in Control of the Company, whether by way of offer, merger, scheme of arrangement or otherwise, all the Awarded Shares shall immediately be vested on the date which such change in Control event becomes or is declared unconditional and such date shall be deemed the Vesting Date.

In the event of the death of a Selected Employee after the Vesting Date or the deemed Vesting Date and prior to the completion of the transfer of the relevant vested Awarded Shares to the Selected Employee, the Trustee shall hold such vested Awarded Shares upon trust and to transfer the same to the legal personal representatives of the Selected Employee and subject as aforesaid the Trustee shall hold such vested Awarded Shares or so much thereof as shall not be transferred or applied under the foregoing powers within (i) two years of the death of the Selected Employee (or such longer period as the Trustee and the Board shall agree from time to time) or (ii) the trust period prescribed in the Scheme Rules (whichever is shorter) upon trust to transfer the same to the legal personal representatives of the Selected Employee or, if the vested Awarded Shares would otherwise become bona vacantia, the vested Awarded Shares shall be forfeited and cease to be transferable and such vested Awarded Shares shall be held as Returned Shares for the purposes of the Scheme.

Voting Rights

The Trustee shall not exercise the voting rights in respect of any Shares held under the Trust (including but not limited to the Awarded Shares, the Returned Shares, any bonus Shares and scrip Shares).

Restrictions

No Award shall be made to any Selected Employees and no payment shall be made to and no instruction to purchase Shares shall be given to the Trustee under the Scheme:

- (a) after a price sensitive event in relation to the securities of the Company has occurred or a price sensitive matter in relation to the securities of the Company has been the subject of a decision or any director of any member of the Group is in possession of unpublished price sensitive information in relation to any member of the Group, until such price sensitive information has been published in accordance with the Listing Rules;
- (b) where dealings by any director of any member of the Group are prohibited under any Applicable Laws from time to time; or

- (c) in any other circumstances which are prohibited under any Applicable Laws or where the requisite approval from any applicable regulatory authorities has not been granted.

Tax Indemnity

The relevant Selected Employee shall indemnify the Group against any liability to account to any tax authority for any income tax or social security contributions or any other tax charge, levy or other sum which may arise on the grant, vesting, transfer, assignment or release of an Award or the acquisition of Shares or of any interest in Shares under the Scheme.

Termination

The Scheme shall terminate on the earliest of (a) the date when an order for the winding up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of an amalgamation, reconstruction or scheme of arrangement); and (b) such date of termination as determined by the Board.

Upon termination, (a) no further Award shall be made but the provisions of the Scheme shall remain in full force and effect to the extent necessary to give effect to any Awards granted prior thereto; (b) all the Awarded Shares not yet vested shall become vested on the relevant Selected Employee(s) (save in respect of a Lapse and subject to the Scheme Rules); (c) Returned Shares and such non-cash income remaining in the trust fund shall be sold by the Trustee in accordance with the Scheme Rules; and (d) Residual Cash, net proceeds of sale mentioned in (c) above and such other funds remaining in the Trust (after making appropriate deductions) shall be remitted to the Company forthwith after the sale.

Cancellation

Prior to the relevant Vesting Date, the Board shall have the absolute discretion to cancel any Awards if the relevant Selected Employee so agreed, and a Selected Employee may, by giving notice in writing to the Board before the relevant Vesting Date, direct that the Shares subject to the Award granted to him shall not be vested in him on the relevant Vesting Date.

STATUS OF THE SCHEME

Pursuant to the Trust Deed, the Company shall make an initial contribution of a prescribed amount under the Trust Deed to the Trust on the Business Day immediately following the date of the Trust Deed.

DEFINITIONS

Unless otherwise defined, the following expressions in this announcement shall have the following meanings:

“Applicable Laws”	any relevant laws, regulations, rules and codes (including those of Hong Kong and overseas jurisdictions as may be applicable and including, for the avoidance of doubt, the Listing Rules);
“Award”	an award of Shares to a Selected Employee pursuant to the Scheme;
“Awarded Shares”	in respect of a Selected Employee, such number of Shares proposed by the Chairman, considered and consented to by the Remuneration Committee and approved by the Board and purchased by the Trustee, or such number of Returned Shares awarded by the Trustee, in each case as proportionally adjusted for any alteration in the share capital of the Company from time to time in accordance with the Scheme Rules;
“Board”	the board of Directors or such committee or sub-committee or person(s) delegated with the power and authority by the board of Directors to administer the Scheme;
“Business Day”	shall have the meaning ascribed to “business day” under the Listing Rules;
“Chairman”	the chairman of the Board;
“Company”	Da Ming 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;
“connected person(s)”	shall have the meaning ascribed to it under the Listing Rules;
“Control”	has the meaning ascribed to it in the Code on Takeovers and Mergers of Hong Kong from time to time and in case a waiver is granted pursuant to the said Code for the making of a general offer, it shall be deemed that no event of change in Control has occurred;

“Director(s)”	the director(s) of the Company;
“Earnings Per Share”	in respect of a Financial year, means (i) the profit attributable to owners of the Company for that Financial Year divided by (ii) the weighted average number of ordinary shares of the Company in issue during that Financial Year;
“Employee”	any employee (including without limitation an employee who is also a director, supervisor or senior management) of any member of the Group but excluding any Excluded Employee;
“Excluded Employee”	(a) any employee (including without limitation an employee who is also a director, supervisor or senior management) of any member of the Group who is a connected person (including without limitation any chief executive (within the meaning of the Listing Rules), director, supervisor, promoter, substantial shareholder (within the meaning of the Listing Rules) and their respective associates (within the meaning of the Listing Rules)) of any member of the Group except any of such employees the Award to whom is not subject to independent shareholders’ approval requirements under the Listing Rules; or (b) any of such employees who is resident in a place where (i) the award of the Awarded Shares, the award of the Returned Shares or the vesting or transfer of Shares pursuant to the terms of the Scheme is not permitted under the laws and regulations of such place or (ii) in the view of the Board, the need to comply with Applicable Laws in such place makes it necessary or expedient to exclude such employee;
“Financial Year”	each or any of the financial years ending 31 December of the Company during the subsistence of the Scheme;
“Group”	the Company and its subsidiaries or any of them and the expression “ member of the Group ” shall be construed accordingly;
“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;

“Lapse”	shall have the meaning as set out in the section headed “Vesting and Lapse”;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Partial Lapse”	shall have the meaning as set out in the section headed “Vesting and Lapse”;
“Reference Date”	the date of approval by the Board of the total number of Shares to be awarded to each Selected Employee in respect of the relevant Financial Year;
“Remuneration Committee”	the remuneration committee of the Company comprising at least two members with a majority of independent non-executive Directors or such members as designated by the Board from time to time in accordance with the Listing Rules;
“Residual Cash”	being cash remaining in the trust fund of the Trust (including but not limited to interest income derived from deposits maintained with banks licensed to operate as banks in Hong Kong under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) and corporations licensed to carry on any regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), cash income and sale proceeds of any nil paid right, bonus warrant, other non-cash and non-scrip distribution derived from the Shares held upon the Trust);
“Returned Shares”	such Awarded Shares which are not vested in accordance with the terms of the Scheme (whether as a result of a Lapse or a Partial Lapse or otherwise), or such Shares which are deemed under the Scheme or the Scheme Rules to be Returned Shares;
“Scheme”	the “Da Ming Share Award Scheme” constituted by the rules thereof, as amended from time to time;
“Scheme Rules”	the rules relating to the Scheme, as amended from time to time;

“Selected Employee(s)”	Employee(s) selected by the Remuneration Committee (after taking into consideration recommendations and suggestions made by the Chairman) and approved by the Board pursuant to the Scheme Rules and Employee(s) selected by the Trustee after having taken into consideration recommendations made by the Chairman, considered and consented to by the Remuneration Committee and approved by the Board pursuant to the Scheme Rules for participation in the Scheme;
“Shares”	ordinary shares of par value of HK\$0.10 each in the capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Trust”	the trust constituted by the Trust Deed and known as the “Da Ming Share Award Scheme Trust” or such other name as the Board may determine from time to time;
“Trust Account(s)”	the cash and securities account(s), being segregated trust account(s) in the name of the Trustee operated by the Trustee under the Trust;
“Trust Deed”	a trust deed dated 25 August 2011 entered into between the Company and the Trustee (as restated, supplemented and amended from time to time);
“Trustee”	Equity Trust (HK) Limited, a company incorporated in Hong Kong, and any replacement trustee(s), being the trustee(s) for the time being of the trust(s) declared in the Trust Deed; and
“Vesting Date”	shall have the meaning as set out in the section headed “Vesting and Lapse”.

By Order of the Board of
Da Ming International Holdings Limited
Zhou Keming
Chairman

Hong Kong, 25 August 2011

As at the date of this announcement, the executive Directors are Mr. Zhou Keming, Ms. Xu Xia, Mr. Qian Li, Mr. Zou Xiaoping and Mr. Tang Zhonghai; the non-executive Director is Mr. Jiang Changhong; and the independent non-executive Directors are Prof. Hua Min, Mr. Chen Xuedong and Mr. Cheuk Wa Pang.