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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action you should take, you should consult a licensed securities dealer or other bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Da Ming International Holdings Limited, you should at once hand this circular with the accompanying form of proxy to the purchaser or the transferee or to the licensed 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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**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)

- (1) REVISION OF THE EXISTING ANNUAL CAPS  
OF THE CONTINUING CONNECTED TRANSACTIONS  
UNDER THE NEW FRAMEWORK AGREEMENT;  
(2) RE-ELECTION OF DIRECTOR;  
AND  
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to the  
Independent Board Committee and the Independent Shareholders**

**Donvex Capital Limited**

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A letter from the Board is set out on pages 4 to 16 of this circular. A letter from the Independent Board Committee is set out on pages 17 to 18 of this circular. A letter from Donvex Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, is set out on pages 19 to 34 of this circular.

A notice convening the EGM to be held at Conference Room A309, Jiangsu Daming Metal Products Co., Limited, No.1518 Tongjiang Road, Wuxi, Jiangsu, The People's Republic of China on Wednesday, 15 December 2021 at 3:00 p.m. is set out on pages EGM-1 and EGM-2 of this circular.

Shareholders are advised to read the Notice of EGM and if you are not able to attend the EGM or its adjournment (as the case may be) in person but wish to exercise your right as a Shareholder, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible, but in any event not less than 48 hours before the time fixed for holding the EGM or any adjournment thereof (as the case may be).

Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

24 November 2021

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## DEFINITIONS

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*In this circular, the following expressions shall have the following meanings unless the context requires otherwise:*

“Announcement”	the announcement of the Company dated 20 October 2021 in relation to the Supplemental Agreement and the Revised Annual Caps
“Appointment Announcement”	the announcement of the Company dated 10 June 2021 in relation to, amongst others, the appointment of Mr. Zhu Baomin as the non-executive Director with effect from 11 June 2021
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“chief executive”	has the meaning ascribed to it under the Listing Rules
“China Baowu”	China Baowu Steel Group Company Limited (中國寶武鋼鐵集團有限公司), a company incorporated in the PRC and a substantial shareholder of the Company as at the Latest Practicable Date
“China Baowu Group”	China Baowu and its subsidiaries
“close associate”	has the meaning ascribed to it under the Listing Rules
“Company”	Da Ming International Holdings Limited (大明國際控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at Conference Room A309, Jiangsu Daming Metal Products Co., Limited, No.1518 Tongjiang Road, Wuxi, Jiangsu, The People’s Republic of China on Wednesday, 15 December 2021 at 3:00 p.m., or any adjournment thereof, for the purpose of considering and, if thought fit, approving the Supplemental Agreement and the Revised Annual Caps, and re-election of Director
“Existing Annual Caps”	the maximum annual monetary value of the transactions contemplated under the New Framework Agreement for the three years ending 31 December 2023, and each an “Existing Annual Cap”
“Group”	the Company and its subsidiaries

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## DEFINITIONS

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“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors, namely, Mr. Cheuk Wa Pang, Prof. Hua Min, Mr. Lu Daming, Mr. Liu Fuxing and Mr. Hu Xuefa, established to advise the Independent Shareholders in respect of the Supplemental Agreement and the Revised Annual Caps
“Independent Financial Adviser”	Donvex Capital Limited, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Agreement and the Revised Annual Caps
“Independent Shareholder(s)”	the Shareholders other than China Baowu and its associates who are not required under the Listing Rules to abstain from voting on the ordinary resolution in relation to the Supplemental Agreement and the Revised Annual Caps to be proposed at the EGM
“Latest Practicable Date”	18 November 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Framework Agreement”	the framework agreement dated 27 January 2021 entered into between the Company and China Baowu in relation to (i) the supply of steel by the China Baowu Group to the Group; and (ii) the provision of processed metallic goods and processing services by the Group to the China Baowu Group for the three years ending 31 December 2021, 31 December 2022 and 31 December 2023, respectively
“Notice of EGM”	the notice convening the EGM as set out on pages EGM-1 to EGM-2 of this circular
“PRC”	the People’s Republic of China (excluding Hong Kong, the Macau Special Administrative Region and Taiwan for the purpose of this circular)
“Previous Announcement”	the announcement of the Company dated 27 January 2021 in relation to the continuing connected transactions under the New Framework Agreement

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## DEFINITIONS

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“Previous Circular”	the circular of the Company dated 10 May 2021 in relation to the continuing connected transactions under the New Framework Agreement
“Revised Annual Caps”	the revised maximum annual monetary value of the transactions between the Group and China Baowu Group for the three years ending 31 December 2023 pursuant to the Supplemental Agreement, and each a “Revised Annual Cap”
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Supplemental Agreement”	the supplemental agreement dated 20 October 2021 and entered into between the Company and China Baowu in relation to the revision of the Existing Annual Caps
“%”	per cent.

*\* All the English translation of certain Chinese names or words in this circular are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words. If there is any inconsistency, the Chinese names or words shall prevail.*

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LETTER FROM THE BOARD

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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)

*Executive Directors:*

Mr. Zhou Keming (Chairman)  
Mr. Jiang Changhong (Chief Executive Officer)  
Ms. Xu Xia  
Mr. Zou Xiaoping  
Dr. Fukui Tsutomu  
Mr. Zhang Feng  
Mr. Wang Jian

*Non-executive Directors:*

Mr. Lu Jian  
Mr. Zhu Baomin

*Independent non-executive Directors:*

Mr. Cheuk Wa Pang  
Prof. Hua Min  
Mr. Lu Daming  
Mr. Liu Fuxing  
Mr. Hu Xuefa

*Registered Office:*

Cricket Square  
Hutchins Drive, P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Headquarters and Principal*

*Place of Business in the PRC:*

No. 1518, Tong Jiang Road  
Wuxi, Jiangsu  
People's Republic of China

*Principal Place of Business in*

*Hong Kong:*

Suite 1007, Central Plaza  
18 Harbour Road, Wanchai  
Hong Kong

24 November 2021

*To the Shareholders*

Dear Sir or Madam,

**(1) REVISION OF THE EXISTING ANNUAL CAPS  
OF THE CONTINUING CONNECTED TRANSACTIONS  
UNDER THE NEW FRAMEWORK AGREEMENT;  
(2) RE-ELECTION OF DIRECTOR;  
AND  
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

Reference is made to (i) the Previous Announcement and the Previous Circular in relation to the continuing connected transactions under the New Framework Agreement; (ii) the Announcement in relation to the revision of the Existing Annual Caps; and (iii) the Appointment Announcement in relation to the appointment of Mr. Zhu Baomin as the non-executive Director.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with, among other things, (i) further information on the Supplemental Agreement and the Revised Annual Caps; (ii) a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders; (iv) information on the re-election of Director; and (v) the notice of the EGM.

### THE SUPPLEMENTAL AGREEMENT

On 20 October 2021 (after trading hours), the Company and China Baowu entered into the Supplemental Agreement to revise the Existing Annual Caps under the New Framework Agreement for the financial years ending 31 December 2021, 2022 and 2023.

#### Revision of the Existing Annual Caps

As disclosed in the Previous Announcement and the Previous Circular, the Existing Annual Caps for the transactions contemplated under the New Framework Agreement are set out as follows:

		<b>Existing Annual Caps</b>		
		<b>for the year ending 31 December</b>		
		<b>2021</b>	<b>2022</b>	<b>2023</b>
		<i>(RMB' billion)</i>	<i>(RMB' billion)</i>	<i>(RMB' billion)</i>
(i)	maximum aggregate amount of steel to be supplied by the China Baowu Group to the Group	22.4	28.0	35.4
(ii)	maximum aggregate amount of processed metallic goods and processing services to be supplied by the Group to the China Baowu Group	0.25	0.30	0.35

Pursuant to the Supplemental Agreement, the Existing Annual Caps are revised as follows:

		<b>Revised Annual Caps</b>		
		<b>for the year ending 31 December</b>		
		<b>2021</b>	<b>2022</b>	<b>2023</b>
		<i>(RMB' billion)</i>	<i>(RMB' billion)</i>	<i>(RMB' billion)</i>
(i)	maximum aggregate amount of steel to be supplied by the China Baowu Group to the Group	22.4	35.0	44.3
(ii)	maximum aggregate amount of processed metallic goods and processing services to be supplied by the Group to the China Baowu Group	0.39	0.60	0.88

Save for the Revised Annual Caps, all other terms of the New Framework Agreement will remain unchanged and in full force and effect.

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## LETTER FROM THE BOARD

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### Condition

The Supplemental Agreement shall take effect upon the fulfilment of all the conditions below:

- (i) the execution of the Supplemental Agreement by the legal representative or authorised representative of the parties; and
- (ii) (if required) the obtaining of the approval of the Independent Shareholders and the Stock Exchange in accordance with the Listing Rules.

The Supplemental Agreement does not contain any provisions that any of the conditions can be waived. As at the Latest Practicable Date, only condition (i) above has been fulfilled.

### HISTORICAL TRANSACTION AMOUNTS AND THE REVISED ANNUAL CAPS

Based on the Group's unaudited management accounts, the actual transaction amounts in respect of the transactions contemplated under the New Framework Agreement for the ten months ended 31 October 2021 are as follows:

	<b>For the ten months ended 31 October 2021</b> <i>(RMB' billion)</i>
(i) aggregate amount of steel supplied by the China Baowu Group to the Group	15.0
(ii) aggregate amount of processed metallic goods and processing services supplied by the Group to China Baowu Group	0.24

Up to the Latest Practicable Date, the actual transaction amounts are approximately RMB15.8 billion (for the supply of steel by the China Baowu Group to the Group) and RMB0.24 billion (for the supply of processed metallic goods and processing services by the Group to the China Baowu Group) which have not exceeded the Existing Annual Caps of RMB22.4 billion (for the supply of steel by the China Baowu Group to the Group) and RMB0.25 billion (for the supply of processed metallic goods and processing services by the Group to China Baowu Group) for the year ending 31 December 2021.

### *Purchases from the China Baowu Group*

The Revised Annual Caps in relation to the supply of steel by the China Baowu Group to the Group were determined with reference to (a) the actual transaction amounts in relation to the transactions contemplated under the New Framework Agreement for the nine months ended 30 September 2021; (b) the increase in market price of steel in the PRC market during the nine months ended 30 September 2021; and (c) the historical information of the Group's demand for steel.



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## LETTER FROM THE BOARD

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As disclosed in the Previous Circular, the Group expected to purchase approximately 1,200,000 tonnes of stainless steel and 3,200,000 tonnes of carbon steel from the China Baowu Group for the year ending 31 December 2022. Based on an estimated average price for stainless steel of RMB12,800 per tonne and an estimated average price for carbon steel of RMB4,000 per tonne, the estimated purchase amount for such transaction is approximately RMB28.0 billion for the year ending 31 December 2022.

As disclosed in the Previous Circular, the Group expected to purchase approximately 1,500,000 tonnes of stainless steel and 3,900,000 tonnes of carbon steel from the China Baowu Group for the year ending 31 December 2023. Based on an estimated average price for stainless steel of RMB13,300 per tonne and an estimated average price for carbon steel of RMB4,000 per tonne, the estimated purchase amount for such transaction is approximately RMB35.4 billion for the year ending 31 December 2023.

The market price of both carbon steel and stainless steel in the PRC as at 30 September 2021 has increased for more than 25%, as compared to that as at 31 December 2020. For details, please refer to the section headed “Reasons for and benefits of the Revised Annual Caps” in this circular. It is expected that the estimated average price of stainless steel and carbon steel from the China Baowu Group will increase to RMB16,000 per tonne and RMB5,000 per tonne, respectively for the year ending 31 December 2022. The Company expects that the estimated purchase volume of stainless steel and carbon steel from the China Baowu Group would remain at approximately 1,200,000 tonnes and 3,150,000 tonnes, respectively. Based on the above, the Company expects the total purchase amount of the Group from China Baowu Group to be approximately RMB35.0 billion for the year ending 31 December 2022.

It is expected that the estimated average price of stainless steel and carbon steel from the China Baowu Group will increase to RMB16,700 per tonne and RMB5,000 per tonne, respectively, for the year ending 31 December 2023. The Company expects that the estimated purchase volume of stainless steel and carbon steel from the China Baowu Group would remain at approximately 1,500,000 tonnes and 3,850,000 tonnes, respectively. Based on the above, the Company expects the total purchase amount of the Group from China Baowu Group to be approximately RMB44.3 billion for the year ending 31 December 2023.

### ***Supply of processed metallic goods and provision of processing service to China Baowu Group***

The Revised Annual Caps in relation to the supply of processed metallic goods and provision of processing service by the Group to the China Baowu Group were determined with reference to (a) the actual transaction amounts in relation to the transactions contemplated under the New Framework Agreement for the nine months ended 30 September 2021; (b) the increase in market price of steel in the PRC market during the nine months ended 30 September 2021; and (c) the historical information of the China Baowu Group’s demand for processed metallic goods and processing services and the indications from China Baowu regarding its requirement for the Group’s processing services.

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## LETTER FROM THE BOARD

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As disclosed in the Previous Circular, the maximum aggregate amounts to be paid by the China Baowu Group to the Group for the provision of processed metallic goods and processing service pursuant to the New Framework Agreement were expected not to exceed approximately RMB0.25 billion, RMB0.30 billion and RMB0.35 billion for each of the three years ending 31 December 2023, respectively. The China Baowu Group has subsequently indicated to the Group that their demand on the supply of processed metallic goods (consisting of a specific type of stainless steel, namely processed grade 304 stainless steel, and a specific type of carbon steel, namely processed hot rolled coil) are expected to increase further. The estimated transaction amounts attributable to such additional demand are approximately RMB0.14 billion, RMB0.30 billion and RMB0.53 billion for the years ending 31 December 2021, 2022 and 2023, respectively, which are determined with reference to, amongst others, the market price of grade 304 stainless steel and carbon steel hot rolled coil in the PRC and the increase in estimated demand as indicated by the China Baowu Group.

In assessing the estimated transaction amounts attributable to the additional demand from the China Baowu Group, it is expected that the estimated average selling price of processed stainless steel and processed carbon steel to the China Baowu Group will be RMB23,000 per tonne and RMB5,900 per tonne, respectively, for the year ending 31 December 2021. The Company expects the estimated additional volume of processed stainless steel and processed carbon steel to be supplied to the China Baowu Group will be approximately 1,800 tonnes and 16,000 tonnes, respectively. Based on the above, the Company expects the additional transaction amount to be approximately RMB0.14 billion for the year ending 31 December 2021.

It is expected that the estimated average selling price of processed stainless steel and processed carbon steel to the China Baowu Group will be RMB23,700 per tonne and RMB6,000 per tonne, respectively, for the year ending 31 December 2022. The Company expects the estimated additional volume of processed stainless steel and processed carbon steel to be supplied to the China Baowu Group will be approximately 5,000 tonnes and 30,000 tonnes, respectively. Based on the above, the Company expects the additional transaction amount to be approximately RMB0.30 billion for the year ending 31 December 2022.

It is expected that the estimated average selling price of processed stainless steel and processed carbon steel to the China Baowu Group will be RMB24,500 per tonne and RMB6,100 per tonne, respectively, for the year ending 31 December 2023. The Company expects the estimated additional volume of processed stainless steel and processed carbon steel to be supplied to the China Baowu Group will be approximately 9,000 tonnes and 50,000 tonnes, respectively. Based on the above, the Company expects the additional transaction amount to be approximately RMB0.53 billion for the year ending 31 December 2023.

Based on the above, the Revised Annual Caps in respect of the supply of processed metallic goods and provision of processing services by the Group to the China Baowu Group would be RMB0.39 billion, RMB0.60 billion and RMB0.88 billion for the years ending 31 December 2021, 2022 and 2023, respectively, to cater for such additional demand.

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## LETTER FROM THE BOARD

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### REASONS FOR AND BENEFITS OF THE REVISED ANNUAL CAPS

The reasons for and benefits of entering into the New Framework Agreement have been set out in the Previous Announcement and the Previous Circular.

The market price of both carbon steel and stainless steel in the PRC as at 30 September 2021 has increased for more than 25%, as compared to that as at 31 December 2020, with reference to the steel price index on Mysteel Global (<http://www.mysteel.com/>), an industry database covering the market information of metals in the PRC. In particular, please refer to the below webpage for the price index of steel in general and stainless steel in the PRC as follows:

- (i) the price index of steel in general in the PRC:  
([https://m.steelphone.com/app/map/index.html?type=0&datetime=2021-11-02&option=kzlwg&zsoption=gczh\\_abs&zstimeType=week&userId=2210856#hqzs&uniqueMark=0751ce05a062448880c7](https://m.steelphone.com/app/map/index.html?type=0&datetime=2021-11-02&option=kzlwg&zsoption=gczh_abs&zstimeType=week&userId=2210856#hqzs&uniqueMark=0751ce05a062448880c7)); and
- (ii) the price index of stainless steel in the PRC:  
([https://m.steelphone.com/app/map/index.html?type=0&datetime=2021-11-02&option=kzlwg&zsoption=bxgzs\\_abs&zstimeType=week&userId=2210856#hqzs&uniqueMark=7e8b36ed43ad434dbe64](https://m.steelphone.com/app/map/index.html?type=0&datetime=2021-11-02&option=kzlwg&zsoption=bxgzs_abs&zstimeType=week&userId=2210856#hqzs&uniqueMark=7e8b36ed43ad434dbe64)).

As such, the total transaction amount between the Group and China Baowu Group under the New Framework Agreement is expected to increase. It is therefore necessary for the relevant parties to enter into the Supplemental Agreement to revise the Existing Annual Caps for the financial years ending 31 December 2021, 2022 and 2023.

The Directors (including the independent non-executive Directors having taken into account the advice of the Independent Financial Adviser, but excluding Mr. Lu Jian and Mr. Zhu Baomin who are required to abstain from voting on the board resolutions) are of the view that the Supplemental Agreement and the Revised Annual Caps are on normal commercial terms and in the ordinary and usual course of business of the Group, and the terms of the Supplemental Agreement and the Revised Annual Caps are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### **PRICING AND INTERNAL CONTROL**

The Company will continue to implement the pricing policies and internal control arrangements as set out in the Previous Circular.

#### ***Purchases from China Baowu Group***

The price in relation to the purchase of steel by the Group from China Baowu Group is determined with reference to the ex-factory price provided by China Baowu Group. Such ex-factory price is different for each supplier and is set by China Baowu Group having taken into account its costs and its analysis on the commodities market conditions. All purchasers of steel from the same supplier will be subject to the same ex-factory price. Based on the experience of the Directors over the years, the market price of steel is led by steel suppliers. The settlement price between the Group and a steel supplier is the ex-factory price.

The purchase department of the Company will obtain quotations from at least 3 suppliers (including China Baowu Group) for different types of steel in the market every month. Based on past practice, every steel supplier will provide one or more quotations every month and the same quotation is provided to all customers. The orders placed in the month will be subject to the latest quotation from the relevant supplier as confirmed with the supplier on the date of the order. The purchase department will assess whether the quotations provided by China Baowu Group are reasonable by comparing them with the steel prices of the same type of steel from other suppliers in the market, taking into account the demands of the Group's customers and considering whether the steel from any particular supplier is better than another in the market, and submit report to the department manager and department head of the purchase department for approval before the Group would confirm to place purchase orders with the China Baowu Group. The Group is not obliged to purchase from China Baowu Group if their quotations are not reasonable and comparable to the market price and/or the quotations from other suppliers.

#### ***Supply of processed metallic goods and provision of processing service to China Baowu Group***

In respect of the sale of processed goods and provision of processing services by the Group to China Baowu Group, the price is determined by the Group with reference to the costs and weight of the raw materials, the model and specifications of the relevant type of steel, service fees in relation to processing services and costs of delivery and the terms of the processing services are provided by the Group for China Baowu Group's consideration and acceptance. The costs of the raw materials are based on the prevailing market price provided by raw material suppliers (which are independent third parties) on the day when the order is placed. At least 3 quotations would be obtained from the raw material suppliers to assess the prevailing market price. The Group will select the raw material supplier based on the demands and specifications of China Baowu Group. The costs of delivery are based on the actual costs incurred by the Group for the delivery of the processed goods to its customers through third party service providers. Service fees for processing services are charged on a per tonne basis and vary between different type of processing services involving different level of complexity and time required. The same charging standard applies to all customers (without any discounts offered to any particular customers). The basis for determining the price for sale of processed goods and provision of processing services by the Group to China Baowu Group is consistent with that for sale of processed goods and provision of processing services by the Group to independent third parties.

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## LETTER FROM THE BOARD

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Service fees charged on a per tonne basis in relation to each type of processing service provided by the Group are determined by the sales management department of the Group with reference to the prevailing market price of similar type of processing services by obtaining quotations by the sales management department of the Group from at least 3 other suppliers providing similar type of processing services. The sales management department would consider the quotations obtained from the other suppliers and take into account the Group's production costs to set the pricing standards, which will be reviewed in light of the market conditions from time to time. The pricing standards will be passed to the sales department and used as the pricing guidelines. According to the customer's needs, the sales staff will prepare sales order with reference to the weight and prevailing market price per tonne of the raw materials on that day and the processing services required for the approval of the sales manager and the head of the sales department before it is issued.

Based on the above, the Board considers that the procedures disclosed above can allow the Group to assess on whether the pricing in relation to goods and services provided by or to China Baowu Group are at prevailing market prices and ensure that the transactions between the Group and the China Baowu Group will be conducted on normal commercial terms or better.

Each of the finance department, purchase department and sales department of the Company has been informed about the annual caps in relation to the transactions contemplated under the New Framework Agreement. The finance department will check (i) the purchase amount of the Group with the purchase department; and (ii) the sales amount of the Group with the sales department every month to ensure that the actual transaction amounts will not exceed the relevant annual caps. The actual transaction amounts will be audited by the auditors of the Company every year.

### INFORMATION ON THE GROUP

The Group is principally engaged in the processing, distribution and sale of stainless steel and carbon steel products.

### INFORMATION ON CHINA BAOWU GROUP

The China Baowu Group is principally engaged in the operation of state-owned assets as authorised by the State Council of the PRC. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the ultimate beneficial owner of China Baowu is the State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

### LISTING RULES IMPLICATIONS

As at the Latest Practical Date, China Baowu indirectly held approximately 16.28% of the total number of issued Shares, and is therefore, a substantial shareholder and a connected person of the Company. Accordingly, the Supplemental Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

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## LETTER FROM THE BOARD

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As one or more of the applicable percentage ratios for the Revised Annual Caps are higher than 5% on an annual basis, the Supplemental Agreement and the Revised Annual Caps are subject to the reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules. An EGM will be convened for the Independent Shareholders to consider, and if thought fit, approve the Supplemental Agreement and the Revised Annual Caps. Each of China Baowu and its associates will abstain from voting on the resolution(s) in respect of the Supplemental Agreement and the Revised Annual Caps at the EGM.

As at the Latest Practicable Date, Mr. Lu Jian, a non-executive director of the Company, was the deputy general manager of the marketing centre at 山西太鋼不鏽鋼股份有限公司 (Shanxi Taigang Stainless Steel Co., Ltd.), a stainless steel producer and a company whose shares are listed on The Shenzhen Stock Exchange (with stock code 000825), which is a subsidiary of China Baowu.

As at the Latest Practicable Date, Mr. Zhu Baomin, a non-executive director of the Company, was the general manager of the stainless steel business unit of 歐冶雲商股份有限公司 (Ouyeel Co., Ltd.\*), the chairman of the board of directors of 佛山寶鋼不鏽鋼貿易有限公司 (Foshan Baosteel Stainless Steel Trading Co., Ltd.\*) and a director of 寧波寶鋼不鏽鋼加工有限公司 (Ningbo Baosteel Stainless Steel Processing Co., Ltd.\*). These companies are subsidiaries of China Baowu.

Save and except for Mr. Lu Jian and Mr. Zhu Baomin who are directors and/or employees of certain subsidiaries of China Baowu and are materially interested in the Supplemental Agreement and the transactions contemplated thereunder and therefore had abstained from voting on the board resolutions approving the Supplemental Agreement and the transactions contemplated thereunder and the Revised Annual Caps, the Directors confirm that none of the other Directors had a material interest in the Supplemental Agreement and the transactions contemplated thereunder.

### RE-ELECTION OF DIRECTOR

Reference is made to the Appointment Announcement in relation to, amongst others, the appointment of Mr. Zhu Baomin as the non-executive Director with effect from 11 June 2021.

Pursuant to Article 83(3) of the articles of association of the Company, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Accordingly, Mr. Zhu Baomin, who was appointed by the Board on 11 June 2021 to fill up casual vacancy will retire from office and offer himself for re-election at the EGM.

Pursuant to the Listing Rules, details of the Director proposed to be re-elected at the EGM are set out below:

Mr. Zhu, aged 54, was appointed as the non-executive Director since 11 June 2021. He graduated from Beijing University of Technology in July 1989 with a bachelor of engineering degree in metal materials and heat treatment.

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## LETTER FROM THE BOARD

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Mr. Zhu has extensive experience in relation to the business of stainless steel. As at the Latest Practicable Date, he is the general manager of the stainless steel business unit of 歐冶雲商股份有限公司 (Ouyeel Co., Ltd.\*), the chairman of the board of directors of 佛山寶鋼不鏽鋼貿易有限公司 (Foshan Baosteel Stainless Steel Trading Co., Ltd.\*) and a director of 寧波寶鋼不鏽鋼加工有限公司 (Ningbo Baosteel Stainless Steel Processing Co., Ltd.\*).

From July 1989 to October 1998, Mr. Zhu was responsible for quality control in the technical department of 上海寶山鋼鐵總廠 (Shanghai Baoshan General Iron and Steel Works\*). From October 1998 to July 1999, he was responsible for project management in the technical centre of 上海寶鋼集團公司 (Shanghai Baosteel Group Company\*). From July 1999 to August 2002, Mr. Zhu was responsible for electrical steel sales in the sales department of 寶山鋼鐵股份有限公司 (Baoshan Iron & Steel Co., Ltd.\*). From August 2002 to September 2003, he was the deputy director of the electrical steel product office of the sales department of 寶山鋼鐵股份有限公司 (Baoshan Iron & Steel Co., Ltd.\*). From September 2003 to June 2006, Mr. Zhu was the director of the electrical steel product office of the sales centre of 寶山鋼鐵股份有限公司 (Baoshan Iron & Steel Co., Ltd.\*). From June 2006 to November 2009, he was the deputy general manager of 天津寶鋼北方貿易有限公司 (Tianjin Baosteel Northern Trading Co., Ltd.\*). From November 2009 to May 2012, Mr. Zhu was the general manager of 長春寶鋼鋼材貿易有限公司 (Changchun Baosteel Steel Trading Co., Ltd.\*). From May 2012 to September 2013, he was the department head of the technical quality department of 上海寶鋼不鏽鋼有限公司 (Shanghai Baosteel Stainless Steel Co., Ltd.\*). From September 2013 to March 2014, Mr. Zhu was the deputy department head of the marketing department of 上海寶鋼不鏽鋼有限公司 (Shanghai Baosteel Stainless Steel Co., Ltd.\*). From March 2014 to March 2015, he was the deputy general manager of 上海克虜伯不鏽鋼有限公司 (Shanghai Krupp Stainless Co., Ltd.\*). From March 2015 to November 2019, Mr. Zhu was the general manager of 上海寶鋼不鏽鋼貿易有限公司 (Shanghai Baosteel Stainless Steel Trading Co., Ltd.\*). From November 2019 to January 2020, he was the general manager of 上海寶鋼不鏽鋼貿易有限公司 (Shanghai Baosteel Stainless Steel Trading Co., Ltd.\*) and the general manager of 佛山寶鋼不鏽鋼貿易有限公司上海歐冶不鏽鋼分公司 (Foshan Baosteel Stainless Steel Trading Co., Ltd. (Shanghai Ouyeel Stainless Steel Branch)\*). From January 2020 to February 2020, Mr. Zhu was the general manager of 佛山寶鋼不鏽鋼貿易有限公司上海歐冶不鏽鋼分公司 (Foshan Baosteel Stainless Steel Trading Co., Ltd. (Shanghai Ouyeel Stainless Steel Branch)\*). From February 2020 to April 2020, Mr. Zhu was the group leader of the stainless steel promotion group of 歐冶雲商股份有限公司 (Ouyeel Co., Ltd.\*) and the general manager of 寧波寶鋼不鏽鋼加工有限公司 (Ningbo Baosteel Stainless Steel Processing Co., Ltd.\*). From April 2020 to June 2020, he was the general manager of the stainless steel business unit of 歐冶雲商股份有限公司 (Ouyeel Co., Ltd.\*) and the general manager of 寧波寶鋼不鏽鋼加工有限公司 (Ningbo Baosteel Stainless Steel Processing Co., Ltd.\*).

China Baowu was formerly known as 上海寶山鋼鐵總廠 (Shanghai Baoshan General Iron and Steel Works\*) and 上海寶鋼集團公司 (Shanghai Baosteel Group Company\*).

寶山鋼鐵股份有限公司 (Baoshan Iron & Steel Co., Ltd.\*) is a company listed on the Shanghai Stock Exchange. Each of 寶山鋼鐵股份有限公司 (Baoshan Iron & Steel Co., Ltd.\*), 天津寶鋼北方貿易有限公司 (Tianjin Baosteel Northern Trading Co., Ltd.\*), 長春寶鋼鋼材貿易有限公司 (Changchun Baosteel Steel Trading Co., Ltd.\*), 上海寶鋼不鏽鋼有限公司 (Shanghai Baosteel Stainless Steel Co., Ltd.\*), 上海寶鋼不鏽鋼貿易有限公司 (Shanghai Baosteel Stainless Steel Trading Co., Ltd.\*), 佛山寶鋼不鏽鋼貿易有限公司上海歐冶不鏽鋼分公司 (Foshan Baosteel Stainless Steel Trading Co., Ltd. (Shanghai Ouyeel Stainless Steel Branch)\*), 歐冶雲商股份有限公司 (Ouyeel Co., Ltd.\*) and 寧波寶鋼不鏽鋼加工有限公司 (Ningbo Baosteel Stainless Steel Processing Co., Ltd.\*) is a subsidiary of China Baowu, which is a substantial shareholder of the Company.

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## LETTER FROM THE BOARD

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Save as disclosed above, Mr. Zhu (i) does not hold any positions in the Company or any of its subsidiaries; (ii) has not held any directorships in any other listed companies in the past three years; and (iii) does not have any relationship with any directors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Zhu is not interested in any shares of the Company within the meaning of Part XV of the SFO.

Mr. Zhu has entered into a service agreement with the Company for a term of three years. He will not receive any director's fee from the Company for acting as the non-executive Director. His appointment is subject to retirement from office and re-election at the annual general meeting of the Company and vacation of office in accordance with the articles of association of the Company.

In relation to the re-election of the above Director, save as disclosed above, there is no information which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, and there is no other matter which needs to be brought to the attention of the Shareholders.

### **EGM**

The EGM will be held at Conference Room A309, Jiangsu Daming Metal Products Co., Limited, No.1518 Tongjiang Road, Wuxi, Jiangsu, The People's Republic of China on Wednesday, 15 December 2021 at 3:00 p.m., to consider and, if thought fit, approve the Supplemental Agreement and the Revised Annual Caps, and the re-election of Director. Any Shareholder with a material interest in the transactions will be required to abstain from voting on the resolution to approve the Supplemental Agreement and the Revised Annual Caps.

As at the Latest Practicable Date, China Baowu and its associates, which were interested in, in aggregate, 207,500,000 Shares, representing approximately 16.28% of the issued share capital of the Company, will abstain from voting at the EGM on the resolution in relation to the Supplemental Agreement and the Revised Annual Caps.

The Notice of EGM is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you intend to attend the meeting, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event by 3:00 p.m. on Monday, 13 December 2021 (Hong Kong time), being 48 hours before the time appointed for the holding of the EGM. Completion and returning of the form of proxy will not preclude you from attending and voting at the EGM or any adjourned meeting should you so wish.



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## **LETTER FROM THE BOARD**

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### **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Friday, 10 December 2021 to Wednesday, 15 December 2021, both days inclusive, for the purpose of determining Shareholders' entitlement to attend and vote at the EGM.

In order to qualify for attending and voting at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 9 December 2021.

### **VOTING BY WAY OF POLL**

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting 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.

### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee comprising all independent non-executive Directors, namely Mr. Cheuk Wa Pang, Prof. Hua Min, Mr. Lu Daming, Mr. Liu Fuxing and Mr. Hu Xuefa, has been established to advise and provide recommendation to the Independent Shareholders in respect of the Supplemental Agreement and the Revised Annual Caps.

Donvex Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Agreement and the Revised Annual Caps.

### **RECOMMENDATION**

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders set out on pages 17 to 18 of this circular which contains its recommendation to the Independent Shareholders in relation to the Supplemental Agreement and the Revised Annual Caps, and the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 19 to 34 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to Supplemental Agreement and the Revised Annual Caps.

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## LETTER FROM THE BOARD

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The Directors (including the independent non-executive Directors having taken into account the advice of the Independent Financial Adviser, but excluding Mr. Lu Jian and Mr. Zhu Baomin who are required to abstain from voting on the board resolutions) are of the view that the Supplemental Agreement and the Revised Annual Caps are on normal commercial terms and in the ordinary and usual course of business of the Group, and the terms of the Supplemental Agreement and the Revised Annual Caps are fair and reasonable and in the interest of the Company and the Shareholders as a whole. The Directors recommend the Independent Shareholders to vote in favour of the ordinary resolution in relation to the Supplemental Agreement and the Revised Annual Caps to be proposed at the EGM.

The Directors consider that the re-election of the Director is in the interests of the Company and the Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favour of the ordinary resolution in relation to the re-election of the Director to be proposed at the EGM.

### **ADDITIONAL INFORMATION**

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

The English version shall prevail in case of any discrepancy or inconsistency between this English version and its Chinese translation.

Yours faithfully,  
For and on behalf of the Board of  
**Da Ming International Holdings Limited**  
**Zhou Keming**  
*Chairman*



**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)

24 November 2021

*To the Independent Shareholders*

Dear Sir/Madam,

**REVISION OF THE EXISTING ANNUAL CAPS  
OF THE CONTINUING CONNECTED TRANSACTIONS  
UNDER THE NEW FRAMEWORK AGREEMENT**

We refer to the circular of the Company dated 24 November 2021 (the “**Circular**”) despatched to the Shareholders of which this letter forms part. Unless the context requires otherwise, terms and expressions defined or adopted in the Circular shall have the same meanings in this letter.

We have been appointed by the Board to form the Independent Board Committee to advise the Independent Shareholders as to whether the Supplemental Agreement and the Revised Annual Caps are on normal commercial terms and in the ordinary and usual course of business of the Group, and the terms of the Supplemental Agreement and the Revised Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Donvex Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Agreement and the Revised Annual Caps.

We wish to draw your attention to the letter from the Board as set out on pages 4 to 16 of the Circular and the text of a letter of advice from the Independent Financial Adviser as set out on pages 19 to 34 of the Circular, both of which provide details of the Supplemental Agreement and the Revised Annual Caps.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having taken into account the terms of the Supplemental Agreement and the Revised Annual Caps and the principal factors and reasons considered by the Independent Financial Adviser and its advice, we are of the opinion that the Supplemental Agreement and the Revised Annual Caps are on normal commercial terms and in the ordinary and usual course of business of the Group, and the terms of the Supplemental Agreement and Revised Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Supplemental Agreement and the Revised Annual Caps.

Yours faithfully  
For and on behalf of  
the Independent Board Committee of  
**Da Ming International Holdings Limited**

**Mr. Cheuk Wa Pang   Prof. Hua Min   Mr. Lu Daming   Mr. Liu Fuxing   Mr. Hu Xuefa**  
*Independent Non-Executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of the letter of advice from Donvex Capital Limited setting out their advice to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.*



Unit 2502, 25/F  
Carpo Commercial Building  
18-20 Lyndhurst Terrace  
Central  
Hong Kong

24 November 2021

*The Independent Board Committee and the Independent Shareholders of  
Da Ming International Holdings Limited*

Dear Sir/Madam,

### **REVISION OF THE EXISTING ANNUAL CAPS OF THE CONTINUING CONNECTED TRANSACTION UNDER THE NEW FRAMEWORK AGREEMENT**

#### **INTRODUCTION**

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the entering into of the Supplemental Agreement and the Revised Annual Caps thereunder, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 24 November 2021 to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used herein have the same meanings as those defined in the Circular unless otherwise stated.

As stated in the Letter from the Board, on 20 October 2021 (after trading hours), the Company and China Baowu entered into the Supplemental Agreement to revise the Existing Annual Caps of the New Framework Agreement for the financial years ending 31 December 2021, 2022 and 2023.

As at the Latest Practical Date, China Baowu indirectly held approximately 16.28% of the total number of issued Shares, and is therefore a substantial shareholder and a connected person of the Company. Accordingly, the Supplemental Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Pursuant to Rule 14A.54 of the Listing Rules, the Company should re-comply with the applicable requirements under Chapter 14A of the Listing Rules before the proposed annual cap is exceeded.

As one or more of the applicable percentage ratios for the Revised Annual Caps are higher than 5% on an annual basis, the Supplemental Agreement and the Revised Annual Caps are subject to the reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all independent non-executive Directors, namely Mr. Cheuk Wa Pang, Prof. Hua Min, Mr. Lu Daming, Mr. Liu Fuxing, and Mr. Hu Xuefa, has been established to advise and provide recommendation to the Independent Shareholders on (i) whether the Supplemental Agreements, the Revised Annual Caps, and the transactions contemplated thereunder are on normal commercial terms, in the Company's ordinary and usual course of business, fair and reasonable, and in the interest of the Company and the Shareholders as a whole; and (ii) how the Independent Shareholders should vote in respect to the relevant resolution(s) to approve the Supplemental Agreements and the Revised Annual Caps. In our capacity as the Independent Financial Adviser, our role is to advise the Independent Board Committee and the Independent Shareholders in this regard.

As China Baowu is a substantial shareholder and a connected person of the Company, each of China Baowu and its associates will abstain from voting on the resolution(s) in respect of the Supplemental Agreement and the Revised Annual Caps at the EGM. As at the Latest Practicable Date, so far as the Directors are aware, other than the aforesaid, there is no other associate of China Baowu that held shares of the Company and therefore is required to abstain from voting on such ordinary resolution(s).

### INDEPENDENCE

We did not act as financial adviser to the Group and its respective connected persons in the past two years immediately preceding the Latest Practicable Date.

In the past two years immediately preceding the Latest Practicable Date, we have acted as the independent financial adviser to independent board committee and independent shareholders of the Company for the continuing connected transactions, details of which are set out in the circular of the Company dated 10 May 2021 (the "**Previous Engagement**"). Under the Previous Engagement, we were required to express our opinion on and give recommendations to the independent board committee and independent shareholders of the Company in relation to the continuing connected transactions under the new framework agreement in relation to the supply of steel by China Baowu Group to the Group and the provision of processed metallic goods and processing services by the Group to China Baowu Group. Apart from the independent financial adviser roles in connection with the Previous Engagement and the transaction disclosed in the Circular, we have not acted in any capacity of the Group in the past two years immediately preceding the Latest Practicable Date.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As at the Latest Practicable Date, we did not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant to our independence.

We are independent from and not connected with the Group pursuant to Rule 13.84 of the Listing Rules and, accordingly, are qualified to advise the Independent Board Committee and the Independent Shareholders in relation to the Supplemental Agreement. Apart from the normal advisory fee payable to us in connection with our appointment as the independent financial adviser, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

### **BASIS OF OUR OPINION**

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and management of the Company. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all statements, information, opinions and representations contained or referred to in the Circular, which have been provided by the Directors and management of the Company and for which they are solely and wholly responsible, were true and accurate at the time they were made and continue to be true until the date of the EGM.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed that, having made all reasonable enquiries, to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no material facts and representations the omission of which would make any statement in the Circular or the Circular misleading.

We consider that we have reviewed sufficient information to reach an informed view regarding the Supplemental Agreement, and to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, for the purpose of this exercise, conducted any form of independent in-depth investigation or audit into the businesses or affairs or future prospects of the Group, nor have we considered the taxation implication on the Group.

Our opinion is based on the financial, economic, market, and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion, and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise, or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell, or buy any Shares or any other securities of the Company.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Supplemental Agreement, and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose, without our prior written consent.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion in respect of the Supplemental Agreement including the Revised Annual Caps, we have taken into consideration the following principal factors and reasons:

#### **1. Background information on the Group**

The Group is principally engaged in the processing, distribution and sale of steel products (including stainless steel and carbon steel).

#### **2. Background information on China Baowu**

China Baowu is principally engaged in the manufacturing and distribution of steel products. As at the Latest Practicable Date, China Baowu indirectly held approximately 16.28% of the total number of issued Shares, thus it is a substantial shareholder and a connected person of the Company.

#### **3. The Supplemental Agreement and Revised Annual Caps**

##### **(1) Background**

As disclosed in the Previous Circular, on 27 January 2021, the Company and China Baowu entered into the New Framework Agreement in relation to the ongoing (i) supply of steel raw materials by China Baowu Group to the Group, including stainless steel and carbon steel; and (ii) provision of processed metallic goods, including stainless steel and carbon steel, and steel processing services by the Group to China Baowu Group during the period from 1 January 2021 to 31 December 2023.

As stated in the Letter from the Board, on 20 October 2021 (after trading hours), the Company and China Baowu entered into the Supplemental Agreement to revise the Existing Annual Caps of the New Framework Agreement for the financial years ending 31 December 2021, 2022 and 2023.

##### **(2) Principal terms of the Supplemental Agreement**

Pursuant to the Letter from the Board, save for the Revised Annual Caps, all other terms of the New Framework Agreement will remain unchanged and in full force and effect. Details of the New Framework Agreement can be referred to the Previous Circular.



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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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**(3) Analysis on the Revised Annual Caps**

The following table sets forth the comparison between the historical transaction amount of the transaction contemplated under the New Framework Agreement for the ten months ended 31 October 2021 (“**10M2021**”) and the Existing Annual Cap for the year ending 31 December 2021 (“**FY2021**”):

	<b>Historical amount for 10M2021 RMB billion</b>	<b>Existing Annual Cap for FY2021 RMB billion</b>	<b>Utilization rate %</b>
Purchases from China Baowu Group	15.0	22.4	67.0
Supply of processed metallic goods and provision of processing service to China Baowu Group	0.24	0.25	96.0

The following table sets forth the comparison between the Existing Annual Caps and Revised Annual Caps for three years ending 31 December 2023:

	<b>For the year ending 31 December</b>		
	<b>2021 RMB billion</b>	<b>2022 RMB billion</b>	<b>2023 RMB billion</b>
Maximum aggregate amount of steel supplied by China Baowu Group to the Group (“ <b>Annual Cap A</b> ”)			
Existing Annual Caps (“ <b>Existing Annual Cap A</b> ”)	22.4	28.0	35.4
Revised Annual Caps (“ <b>Revised Annual Cap A</b> ”)	22.4	35.0	44.3
Maximum aggregate amount of supply of processed metallic goods and provision of processing services by the Group to China Baowu Group (“ <b>Annual Cap B</b> ”)			
Existing Annual Caps (“ <b>Existing Annual Cap B</b> ”)	0.25	0.30	0.35
Revised Annual Caps (“ <b>Revised Annual Cap B</b> ”)	0.39	0.60	0.88

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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**(a) Purchases from China Baowu Group**

In assessing the fairness and reasonableness of the Revised Annual Cap A, we have obtained and reviewed the breakdown of the Existing Annual Cap A and the Revised Annual Cap A for three years ending 31 December 2023, details of which are set out as follows:

	For the year ending 31 December					
	2021		2022		2023	
	Existing Annual Cap A	Revised Annual Cap A	Existing Annual Cap A	Revised Annual Cap A	Existing Annual Cap A	Revised Annual Cap A
Stainless steel						
Purchase volume ( <i>ton</i> )	1,000,000	1,000,000	1,200,000	1,200,000	1,500,000	1,500,000
Average purchase price ( <i>RMB per ton</i> )	12,170	12,170	12,800	16,000	13,300	16,700
Subtotal ( <i>RMB billion</i> )	12.17	12.17	15.36	19.20	19.95	25.05
Carbon steel						
Purchase volume ( <i>ton</i> )	2,610,000	2,610,000	3,150,000	3,150,000	3,850,000	3,850,000
Average purchase price ( <i>RMB per ton</i> )	3,910	3,910	4,000	5,000	4,000	5,000
Subtotal ( <i>RMB billion</i> )	10.21	10.21	12.60	15.75	15.40	19.25
Total ( <i>RMB billion</i> )	22.38	22.38	27.96	34.95	35.35	44.30

*Annual Cap A for the year ending 31 December 2021*

We noted that the annual cap under the Revised Annual Cap A for the year ending 31 December 2021 remained the same as that under the Existing Annual Cap A for the same period notwithstanding that the steel price has increased by approximately 31.9% as indicated below. We are advised by the Directors that, as the merger of two state-owned steelmakers located in Guangxi Province and Shandong Province, the PRC (the “**Potential Targets**”), as disclosed in the Previous Circular by China Baowu Group has not been completed up to 30 September 2021, the purchase of steel between the Group and the Potential Targets will not constitute connected transactions. In view of the above, the Directors considered that the purchase amount of the steel from China Baowu Group will be unlikely to exceed the Existing Annual Cap A for the year ending 31 December 2021 and remained the above annual cap unchanged.

In light of the above, we are of the view that it is fair and reasonable to remain the Existing Annual Cap A for the year ending 31 December 2021 unchanged.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Annual Cap A for two years ending 31 December 2023*

We noted that the Revised Annual Cap A for the years ending 31 December 2022 and 2023 has increased by approximately 25.0% and 25.3% as compared to the Existing Annual Cap A for the above periods (the “**Growth Rates**”), respectively.

We consider that the aforementioned growth rates are fair and reasonable after taking into account the following facts:

- (i) based on our review on the steel price index published on Mysteel Global (<https://www.mysteel.com/>), a database in relation to the market information of the metals established in the PRC, the steel price has increased by approximately 31.9% during the period from 28 January 2021 (i.e., the date immediately following the signing date of the New Framework Agreement) to 30 September 2021; and
- (ii) we noted that the Growth Rates were determined with reference to (a) the premium of the average purchase price of the stainless steel and the carbon steel during 9M2021 over the estimated average purchase price per ton of the stainless steel and carbon steel for the year ending 31 December 2021 as disclosed in the Previous Circular, of approximately 19% and 22%, respectively; and (b) the buffer of approximately 3%-5%, which has been adopted to ensure the flexibility of the Group in dealing with any unforeseeable increase in the purchase price or the purchase volume of the steel under the Annual Cap A. Considering that the Growth Rates are in line with the increase in the price of the products as mentioned in point (a) above, we consider the Growth Rates are reasonable.

### *Conclusion*

Having considered the factors and circumstances as stated above, we are of the view that the Revised Annual Cap A for three years ending 31 December 2023 under the Supplementary Agreement is fair and reasonable, on normal commercial terms or better, in ordinary and usual course of business, and in the interest of the Company and its Shareholders as a whole.

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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**(b) Supply of processed metallic goods and provision of processing service to China Baowu Group**

In assessing the fairness and reasonableness of the Revised Annual Cap B, we have obtained and reviewed the breakdown of the Existing Annual Cap B and the Revised Annual Cap B for three years ending 31 December 2023, details of which are set out as follows:

	For the year ending 31 December					
	2021		2022		2023	
	Existing Annual Cap B	Revised Annual Cap B	Existing Annual Cap B	Revised Annual Cap B	Existing Annual Cap B	Revised Annual Cap B
<b>Provision of processing service</b>						
Processing volume ( <i>ton</i> )	375,000	375,000	412,000	412,000	435,000	435,000
Average processing price ( <i>RMB per ton</i> )	660	660	720	720	800	800
Subtotal ( <i>RMB billion</i> )	0.25	0.25	0.30	0.30	0.35	0.35
<b>Supply of processed metallic goods</b>						
Processed grade 304 stainless steel (a specific type of stainless steel)						
Processing volume ( <i>ton</i> )	–	1,800	–	5,000	–	9,000
Average selling price ( <i>RMB per ton</i> )	–	23,000	–	23,700	–	24,500
Subtotal ( <i>RMB billion</i> )	–	0.05	–	0.12	–	0.22
Processed hot rolled coil (a specific type of carbon steel)						
Processing volume ( <i>ton</i> )	–	16,000	–	30,000	–	50,000
Average selling price ( <i>RMB per ton</i> )	–	5,900	–	6,000	–	6,100
Subtotal ( <i>RMB billion</i> )	–	0.09	–	0.18	–	0.31
Total ( <i>RMB billion</i> )	0.25	0.39	0.30	0.60	0.35	0.88

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Annual Cap of the supply of processed metallic goods for three years ending 31 December 2023*

We are advised by the Directors that China Baowu Group will request the Group to supply processed metallic goods (consisting of a specific type of stainless steel, namely processed grade 304 stainless steel, and a specific type of carbon steel, namely processed hot rolled coil) (collectively, the “**Processed Steel**”) to them upon the entering into of the Supplementary Agreement. China Baowu Group used to produce the metallic goods itself. In 2021, China Baowu Group has received planned purchase orders regarding the aforementioned metallic goods for two months ending 31 December 2021 and two years ending 31 December 2023 from its customers. Considering that Baowu Group is unable to provide sufficient Processed Steel to its customers with its own manufacturing capacity, China Baowu Group requested the Group to provide the Processed Steel. As such, the Group believed it is necessary to apply for an annual cap for the supply of Processed Steel for three years ending 31 December 2023.

The Directors advised us that the annual cap of the supply of processed metallic goods for three years ending 31 December 2023 was determined with reference to (i) the purchase volume for each of the year ending 31 December 2021, 2022, and 2023 made up by China Baowu Group, which is disclosed as the processing volume of the Processed Steel in the above table; (ii) the costs and weight of the raw materials, and the model and specifications of the relevant type of steel, which is disclosed as “Approximate average market price of the raw materials of the Processed Steel” in the below table; (iii) a growth rate of approximately 3% in the cost of raw materials per annum; and (iv) the service fee in relation to processing services and costs of delivery, which is disclosed as “Profit margin” in the below table.

Based on our due diligence performed, we understand that the annual cap of the supply of processed metallic goods under the Revised Annual Cap B is determined in accordance with the following:

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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- (i) the average selling price of the Processed Steel for the year ending 31 December 2021 was determined with reference to the following:

		<b>Processed grade 304 stainless steel</b>	<b>Processed hot rolled coil</b>
Approximate average market price of the raw materials of the Processed Steel (RMB per ton) (Note 1)	a	22,400	5,800
Profit margin (%) (Note 2)	b	2.7	1.8
Approximate average selling price of the Processed Steel (RMB per ton)	c=a*(1+b)	23,000	5,900

*Note 1: Based on our review on the steel price index published on Mysteel Global (<https://www.mysteel.com/>), the average market price of the raw materials of the Processed Steel (i.e., grade 304 stainless steel and hot rolled coil) is determined with reference to the quotations of the above raw materials from various steel producers in the PRC on 30 September 2021.*

*Note 2: The Group charged a service fee with a profit margin of approximately 1.8% and 2.7% for the supply of the processed hot rolled coil and processed grade 304 stainless steel, respectively, which is close to the overall gross profit margin of the Group for the year ended 31 December 2019 of approximately 3.1% and for the year ended 31 December 2020 of approximately 4.1%.*

*Note 3: The Group estimate that average market price of the raw materials of the Processed Steel will increase at a rate of approximately 3% annually since 2022.*

- (ii) pursuant to a research report, namely “The estimation and assessment of CPI, PPI, and future inflation rate” (《CPI上行幾何, PPI回落幾何—未來通脹預測與評估》), published on 13 July 2021 in the website ([https://pdf.dfcfw.com/pdf/H3\\_AP202107131503608890\\_1.pdf?1626214289000.pdf](https://pdf.dfcfw.com/pdf/H3_AP202107131503608890_1.pdf?1626214289000.pdf)) by Huaxi Securities Co., Ltd., a security firm established in the PRC, considering that the investment in the real estate industry will fall due to the restriction policies in the above investment issued by the PRC government authorities in the second half of 2021, the growth in the price of steel would slow down and PPI will fall to approximately 3% in 2022, which is the same as the growth rate of the cost of raw materials of the Processed Steel per annum as mentioned above.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In view of the above, we consider that (a) the supply of processed metallic goods under the Revised Annual Cap B; and (b) the projections adopted by the Company in determining the annual cap of the supply of processed metallic goods under the Revised Annual Cap B for three years ending 31 December 2023, are fair and reasonable.

*Annual Cap of the provision of processing service for three years ending 31 December 2023*

We are advised by the Directors that the annual cap of the provision of processing service under the Revised Annual Cap B for three years ending 31 December 2023 remained the same as that under the Existing Annual Cap B for the same period, which was mainly attributable to the fact that the processing techniques required by China Baowu Group and the processing volume remained the same upon the entering into of the Supplemental Agreement.

In view of the above, we consider it is fair and reasonable to remain the annual cap of the provision of processing service under the Annual Cap B for three years ending 31 December 2023 unchanged.

*Conclusion*

Based on the above, we consider that the Revised Annual Cap B for three years ending 31 December 2023 under the Supplementary Agreement is fair and reasonable, on normal commercial terms or better, in ordinary and usual course of business, and in the interest of the Company and its Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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**(4) Internal control on the pricing policy**

**(a) Purchases from China Baowu Group**

As advised by the Directors, the Company has adopted certain measures to ensure that the transactions in relation to the purchase of the steel by the Group from China Baowu Group will be conducted on normal commercial terms or better. The purchase department of the Company would obtain quotations from at least 3 suppliers (including China Baowu Group) for different types of steel in the market every month. Based on past practice, every steel supplier would provide one or more quotations every month and the same quotation is provided to all customers. The orders placed in the month would be subject to the latest quotation from the relevant supplier as confirmed with the supplier on the date of the order. The purchase department would assess whether the quotations provided by China Baowu Group are reasonable by comparing them with the steel prices of the same type of steel from other suppliers in the market, taking into account the demands of the Group's customers and considering whether the steel from any particular supplier is better than another in the market, and submit report to the department manager and department head of the purchase department for approval before the Group would confirm to place purchase orders with China Baowu Group. The Group is not obliged to purchase from China Baowu Group if their quotations are not reasonable and comparable to the market price and/or the quotations from other suppliers.

In order to assess the fairness and reasonableness of the pricing policy, we have obtained a complete list of all purchase of steel for the nine months ended 30 September 2021 and randomly selected one transaction in each quarter from the list as samples. In assessing the adequacy of the samples, we have performed the following procedures to ensure the samples are sufficient, fair, and representative:

- (i) we have discussed with the Directors that the internal control of the Group is reviewed on an annual basis. We have reviewed the internal control reports of the Group for each of the three years ended 31 December 2020, all of which were approved by the Board, and noted that no significant internal control deficiency in relation to the purchase from connected persons was identified by the internal auditor of the Company in the aforementioned reports. In this connection, we consider that the risk of non-compliance with the pricing policy in relation to the purchase of steel from China Baowu Group is not high and thus the samples are sufficient;
- (ii) we have obtained a complete list of all purchase of steel for the nine months ended 30 September 2021 so as to ensure the population of the samples is complete; and
- (iii) during the selection of the samples from the above complete list, we have avoided any conscious bias to ensure that all the items in the population have a chance of selection.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Based on the samples selected, we have reviewed the corresponding quotations from two pre-approved independent suppliers and compared it with the unit price of steel offered by China Baowu Group. We note that the unit price of steel offered by China Baowu Group is not higher than and the other relevant terms are not less favorable than those offered by the pre-approved independent suppliers to the Group.

Based on the above, we are of the view that the purchase of the steel by the Group from China Baowu Group are conducted on normal commercial terms.

**(b) Supply of processed metallic goods and provision of processing service to China Baowu Group**

As advised by the Directors, the Company has adopted certain measures to ensure that the transactions in relation to the supply of processed metallic goods and the provision of processing services by the Group to China Baowu Group will be conducted on normal commercial terms or better.

The price is determined by the Group with reference to the costs and weight of the raw materials, the model and specifications of the relevant type of steel, service fees in relation to processing services and costs of delivery and the terms of the processing services are provided by the Group for China Baowu Group's consideration and acceptance. The costs of the raw materials are based on the prevailing market price provided by raw material suppliers (which are independent third parties) on the day when the order is placed. At least 3 quotations would be obtained from the raw material suppliers to assess the prevailing market price. The Group would select the raw material supplier based on the demands and specifications of China Baowu Group. The costs of delivery are based on the actual costs incurred by the Group for the delivery of the processed goods to its customers through third party service providers. Service fees for processing services are charged on per ton basis and vary between different type of processing services involving different level of complexity and time required. The same charging standard applies to all customers (without any discounts offered to any particular customers). The basis for determining the price for sale of processed goods and provision of processing services by the Group to China Baowu Group is consistent with the basis for determining the price for sale of processed goods and provision of processing services by the Group to independent third parties.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Service fees charged on per ton basis in relation to each type of processing service provided by the Group are determined by the sales management department of the Group with reference to the prevailing market price of similar type of processing services by obtaining quotations by the sales management department of the Group from at least 3 other suppliers providing similar type of processing services. The sales management department would consider the quotations obtained from the other suppliers and take into account the Group's production costs to set the pricing standards, which would be reviewed in light of the market conditions from time to time. The pricing standards would be passed to the sales department and used as the pricing guidelines. According to the customer's needs, the sales staff would prepare sales order with reference to the weight and prevailing market price per ton of the raw materials on the same day and the processing services required for the approval of the sales manager and the head of the sales department before it is issued.

In order to assess the fairness and reasonableness of the pricing policy of the provision of processing service to China Baowu Group, we have obtained complete list of all the provision of processing services for the nine months ended 30 September 2021 and randomly selected one transaction in each quarter from the list as samples. In assessing the adequacy of the samples, we have performed the following procedures to ensure the samples are sufficient, fair, and representative:

- (i) As disclosed under the section headed "PRINCIPAL FACTORS AND REASONS CONSIDERED – 3. The Supplemental Agreement and Revised Annual Caps – (4) Internal control on the pricing policy – (a) Purchases from China Baowu Group", we have reviewed the internal control reports of the Group for each of the three years ended 31 December 2020, and noted that no significant internal control deficiency in relation to the sales to connected persons was identified by the internal auditor of the Company in the aforementioned reports. In this connection, we consider that the risk of non-compliance with the pricing policy in relation to the provision of processing service to China Baowu Group is not high and thus the samples are sufficient;
- (ii) we have obtained a complete list of all the provision of processing services for the nine months ended 30 September 2021 so as to ensure the population of the samples is complete; and
- (iii) during the selection of the samples from the above complete list, we have avoided any conscious bias to ensure that all the items in the population have a chance of selection.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Based on the samples selected, we have reviewed:

- (i) the corresponding quotations obtained from three suppliers and processing service providers in connection with the costs of the raw materials and processing fees, respectively. After comparing them with the prices offered to China Baowu Group, we are of the view that the price offered to China Baowu Group is not more favorable than the costs offered by the above suppliers; and
- (ii) the corresponding quotations to two pre-approved independent customers and compared them with the unit price of the provision of processing services offered by the Group to China Baowu. We note that the unit price offered to China Baowu Group is not lower than and the other relevant terms are not less favorable than those offered to the pre-approved independent customers of the Group.

Regarding the supply of processed metallic goods, as the Group did not provide the processed metallic goods to China Baowu Group for the nine months ended 30 September 2021 since China Baowu Group used to produce the metallic goods itself, no samples in relation to the comparison between the quotations to pre-approved independent customers and those to China Baowu Group could be selected to be reviewed by us.

In light of the above, we have reviewed the internal control policy in relation to the supply of processed metallic goods and noted that the basis for determining the price for sale of processed goods and provision of processing services by the Group to China Baowu Group is consistent with the basis for determining the price for sale of processed goods and provision of processing services by the Group to independent third parties. We are also advised by the Directors that the Group has established an internal control procedure to ensure that the selling price for the supply of processed metallic goods offered to China Baowu Group is not more favorable than that offered to independent third parties by (i) collecting the quotations from independent third parties in the market on a quarterly basis to compare the quotations with the selling price offered to China Baowu Group; and (ii) reviewing whether the continuing connected transaction complies with the internal control policy of the Group on a quarterly basis.

In this connection, we consider that (i) the pricing policy in relation to the supply of processed metallic goods are on normal commercial terms; and (ii) the Group has adopted adequate internal control policies and procedures in place to ensure the above pricing policy would be adhered from time to time.

Based on the above, we are of the view that the sales of processed metallic goods and provision of processing service by the Group to China Baowu Group are conducted on normal commercial terms.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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#### 4. Reason for further revision of the Existing Annual Caps under the New Framework Agreement

As stated under the section headed “PRINCIPAL FACTORS AND REASONS CONSIDERED – 3. The Supplemental Agreement and Revised Annual Caps” above, taking into account (i) the historical transaction amount in respect of the transaction contemplated under the New Framework Agreement for the ten months ended 31 October 2021; (ii) the increase in the price of the steel for nine months ended 30 September 2021; and (iii) the demand on the processed metallic products from China Baowu Group, the Directors expected that the Existing Annual Cap would not be sufficient for the purchase of steel from, the supply of processed metallic goods to, and the provision of processing service to China Baowu Group for three years ending 31 December 2023. As such, the Existing Annual Cap needs to be revised upwards to accommodate the latest business needs of the Group.

#### RECOMMENDATION

Taking into consideration of the above principal factors and reasons, we are of the view that the Supplemental Agreement, the Revised Annual Caps, and the transactions contemplated thereunder are on normal commercial terms, in the Company’s ordinary and usual course of business, fair and reasonable, and in the interest of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders, and we also recommend the Independent Shareholders, to vote in favor of the ordinary resolution(s) to be proposed at the EGM to approve the Supplemental Agreement and the Revised Annual Caps.

Yours faithfully,  
For and on behalf of  
**Donvex Capital Limited**  
**Doris Sy**  
*Director*

*Ms. Doris Sy is a person licensed to carry out type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance and is a responsible officer of Donvex Capital Limited who has around 19 years of experience in corporate finance advisory.*

## 1. 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.

## 2. DISCLOSURES OF INTERESTS

### Directors and chief executives

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executives of the Company in the Shares, the underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) were as follows:

(i) *Long position in the Shares and underlying Shares:*

Name of Director	Nature of interests	Number of Shares/ underlying Shares held	% of issued share capital of the Company
Mr. Zhou Keming	Personal, family and corporate	793,551,000 <sup>(1)</sup>	62.27%
Ms. Xu Xia	Personal and family	793,551,000 <sup>(1)</sup>	62.27%
Mr. Zou Xiaoping	Personal and family	5,060,000 <sup>(2)</sup>	0.40%
Mr. Jiang Changhong	Personal	384,000	0.03%
Dr. Fukui Tsutomu	Personal and family	1,864,000 <sup>(3)</sup>	0.15%
Mr. Zhang Feng	Personal	2,244,000 <sup>(4)</sup>	0.18%
Mr. Wang Jian	Personal and family	1,496,000 <sup>(5)</sup>	0.12%

*Notes:*

1. 793,435,000 shares are held by Ally Good Group Limited, which is owned as to 77.2% by Mr. Zhou Keming and 22.8% by Ms. Xu Xia. 60,000 shares are held by Mr. Zhou Keming and 56,000 shares are held by Ms. Xu Xia personally.
2. 60,000 shares are held by Mr. Zou Xiaoping and 5,000,000 shares are held by Mr. Zou Xiaoping's spouse, Ms. Li Jun.
3. The interest comprises 498,000 shares held by Dr. Fukui Tsutomu, 866,000 shares held by Dr. Fukui Tsutomu's spouse, Ms. Mizuho Fukui and 500,000 underlying shares in respect of the share options granted to Dr. Fukui pursuant to the share option scheme of the Company.
4. The interest comprises 2,144,000 shares, 100,000 underlying shares in respect of the share options granted pursuant to the share options scheme of the Company.
5. The interest comprises 448,000 shares held by Mr. Wang Jian, 648,000 shares held by Mr. Wang Jian's spouse, Ms. Zhang Minxian and 400,000 underlying shares in respect of the share options granted to Mr. Wang Jian pursuant to the share options scheme of the Company.

*(ii) Long position in the shares of associated corporation(s):*

Name of Director	Name of associated corporation	Nature of interests	Number of shares held	% of issued share capital of the associated corporation
Mr. Zhou Keming	Ally Good Group Limited <sup>(6)</sup>	Personal and family	1,000 <sup>(7)</sup>	100%
Ms. Xu Xia	Ally Good Group Limited <sup>(6)</sup>	Personal and family	1,000 <sup>(7)</sup>	100%

*Notes:*

6. As at the Latest Practicable Date, Ally Good Group Limited is the holder of approximately 62.26% of the issued share capital of the Company and is an associated corporation under SFO.
7. As at the Latest Practicable Date, 772 shares are held by Mr. Zhou Keming and 228 shares are held by Ms. Xu Xia. Ms. Xu Xia is the spouse of Mr. Zhou Keming.

As at the Latest Practicable Date, Mr. Lu Jian, a non-executive director of the Company, was the deputy general manager of the marketing centre at 山西太鋼不鏽鋼股份有限公司 (Shanxi Taigang Stainless Steel Co., Ltd.), a stainless steel producer and a company whose shares are listed on The Shenzhen Stock Exchange (with stock code 000825), which is a subsidiary of China Baowu.

As at the Latest Practicable Date, Mr. Zhu Baomin, a non-executive director of the Company, was the general manager of the stainless steel business unit of 歐冶雲商股份有限公司 (Ouyeel Co., Ltd.\*), the chairman of the board of directors of 佛山寶鋼不鏽鋼貿易有限公司 (Foshan Baosteel Stainless Steel Trading Co., Ltd.\*) and a director of 寧波寶鋼不鏽鋼加工有限公司 (Ningbo Baosteel Stainless Steel Processing Co., Ltd.\*). These companies are subsidiaries of China Baowu.

As at the Latest Practicable Date, so far as was known to the Directors, Mr. Zhou Keming, a Director, was also the sole director of Ally Good Group Limited, being a company which has an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO. Save as disclosed, no other directors of the Company is a director or employee of a company which has an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Apart from the above, as at the Latest Practicable Date, there were no interests and short positions of the Directors or chief executives of the Company in the Shares and the underlying Shares and any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

### **3. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered or was proposing to enter into any service contracts with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

### **4. COMPETING INTERESTS OF DIRECTORS**

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective close associates had interest in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group.

### **5. DIRECTORS' INTEREST IN ASSETS**

Since 31 December 2020, being the date to which the latest published audited accounts of the Company were made up, until the Latest Practicable Date, none of the Directors or proposed Directors and their respective associates had or had proposed to acquire or dispose or lease any interest, direct or indirect, in any assets to any member of the Group.

**6. DIRECTORS' INTEREST IN CONTRACTS**

As at the Latest Practicable Date, there were no contract or arrangement subsisting in which a Director was materially interested and which was significant in relation to the business of the Group.

**7. EXPERT**

The following is the qualification of the expert who has given opinion or advice, which is contained in this circular:

<b>Name</b>	<b>Qualification</b>
Donvex Capital Limited	A corporation licensed for carrying out Type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, Donvex Capital Limited had given and had not withdrawn its written consent to the issue of this circular with inclusion of its letter (which has been prepared for inclusion in this circular) in the form and context in which it is included.

As at the Latest Practicable Date, Donvex Capital Limited did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, securities in any member of the Group.

As at the Latest Practicable Date, Donvex Capital Limited did not have any direct or indirect interest in any assets which have been, since 31 December 2020 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group.

The Letter from the Independent Financial Adviser is given as of the date of this circular for incorporation herein.

**8. MATERIAL ADVERSE CHANGE**

The Directors confirm that, as at the Latest Practicable Date, there were no material adverse changes in the financial or trading positions of the Company since 31 December 2020, the date to which the latest published audited financial statements of the Company were made up.



**9. DOCUMENTS ON DISPLAY**

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.dmssc.net>) during the period of 14 days from the date of this circular:

- (a) the New Framework Agreement; and
- (b) the Supplemental Agreement.

**10. MISCELLANEOUS**

- (a) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (b) The company secretary of the Company is Mr. Leung Man Fai.
- (c) The principal place of business in Hong Kong is situated at Suite 1007, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

**11. LANGUAGE**

In the event of inconsistency, the English text of this circular will prevail over the Chinese text.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### 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)

#### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (“EGM”) of the shareholders of Da Ming International Holdings Limited (“**Company**”) will be held at Conference Room A309, Jiangsu Daming Metal Products Co., Limited, No.1518 Tongjiang Road, Wuxi, Jiangsu, The People’s Republic of China, on Wednesday, 15 December 2021 at 3:00 p.m. for the purpose of considering and, if thought fit, with or without amendments, passing the following ordinary resolutions of the Company:

#### ORDINARY RESOLUTIONS

1. **“THAT:**
  - (a) the Supplemental Agreement (as defined in the circular of the Company dated 24 November 2021 of which this notice forms part (the “**Circular**”)) and the transactions contemplated thereunder and the implementation thereof be and are hereby approved, confirmed and ratified;
  - (b) the Revised Annual Caps (as defined in the Circular) for each of the three years ending 31 December 2023 be and are hereby approved; and
  - (c) any one director of the Company (or any two directors of the Company or one director and the secretary of the Company, in the case of execution of documents under seal) be and is hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters contemplated in the Supplemental Agreement and the transactions contemplated thereunder and the implementation thereof including the affixing of seal thereon.”
2. To re-elect Mr. Zhu Baomin as Director.

By order of the board of directors of  
**Da Ming International Holdings Limited**  
**Zhou Keming**  
*Chairman*

Hong Kong, 24 November 2021

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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*Registered Office:*

Cricket Square  
Hutchins Drive, P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Headquarters and Principal Place of  
Business in the PRC:*

No. 1518, Tong Jiang Road  
Wuxi, Jiangsu  
People's Republic of China

*Principal Place of Business in  
Hong Kong:*

Suite 1007, Central Plaza  
18 Harbour Road, Wanchai  
Hong Kong

*Notes:*

- (1) The register of members of the Company will be closed from 10 December 2021 to 15 December 2021 (both days inclusive), during which period no transfer of Shares can be registered. In order to be entitled to attend and vote at the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 9 December 2021.
- (2) Any member entitled to attend and vote at the EGM convened by the above notice is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company. All proxies, together with powers of attorney or other authorities, if any, under which they are signed or notarially certified copies thereof, must be deposited with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by 3:00 p.m. on 13 December 2021 (Hong Kong time), being 48 hours before the time appointed for the EGM. Completion and returning of the form of proxy will not preclude a member from attending and voting in person at the EGM or any adjournment thereof should she/he so wishes.
- (3) Where there are joint registered holders of any Share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such Share as if he were solely entitled thereto; but if more than one of such joint holders are present at any 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 the relevant joint holding.
- (4) With reference to Resolution 2 above, Mr. Zhu Baomin, who was appointed by the board of directors of the Company on 11 June 2021 to fill up casual vacancy will retire from office and offer himself for re-election at the EGM. His details are set out in the Circular.
- (5) In compliance with Rule 13.39(4) of the Listing Rules, voting on the resolution proposed in this notice shall be decided by way of a poll at the EGM.
- (6) Shareholders are advised to read the circular of the Company dated 24 November 2021 which contains information concerning the resolution to be proposed in the EGM.