

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



DA MING INTERNATIONAL HOLDINGS LIMITED

大明國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1090)

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 13 July 2011 in relation to the establishment of the JVC by Jiangsu Daming and Taiyuan Steel and the announcements of the Company dated 27 July 2011, 16 November 2011 and 29 December 2014 in relation to the Company's continuing connected transactions with respect to STSS's ongoing supply of stainless steel and carbon steel to Jiangsu Daming Group pursuant to the First Framework Agreement, the Second Framework Agreement and the Third Framework Agreement, respectively.

The term of the Third Framework Agreement will expire on 31 December 2017. On 22 December 2017, Jiangsu Daming and STSS entered into the New Framework Agreement in relation to the ongoing supply of stainless steel and carbon steel by STSS to Jiangsu Daming Group during the period from 1 January 2018 to 31 December 2020.

As a substantial shareholder of the JVC, which is a non wholly-owned subsidiary of the Company, Taiyuan Steel is a connected person of the Company, and STSS, being a non wholly-owned subsidiary of Taiyuan Steel, is a connected person of the Company at the subsidiary level. STSS's ongoing supply of stainless steel and carbon steel to Jiangsu Daming Group pursuant to the New Framework Agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

By virtue of Rule 14A.101 of the Listing Rules, as (i) STSS is a connected person of the Company at the subsidiary level; (ii) the continuing connected transactions are on normal commercial terms; (iii) the Board (including all the independent non-executive Directors) have approved the continuing connected transactions and confirmed that the terms of the continuing connected transactions are fair and reasonable and that the continuing connected transactions are on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the continuing connected transactions are subject to the reporting and announcement requirements but are exempted from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated 13 July 2011 in relation to the establishment of the JVC by Jiangsu Daming and Taiyuan Steel and the announcements of the Company dated 27 July 2011, 16 November 2011 and 29 December 2014 in relation to the Company’s continuing connected transactions with respect to STSS’s ongoing supply of stainless steel and carbon steel to Jiangsu Daming pursuant to the First Framework Agreement, the Second Framework Agreement and the Third Framework Agreement, respectively.

The term of the Third Framework Agreement will expire on 31 December 2017. On 22 December 2017, Jiangsu Daming and STSS entered into the New Framework Agreement in relation to the ongoing supply of stainless steel and carbon steel by STSS to Jiangsu Daming Group during the period from 1 January 2018 to 31 December 2020.

THE NEW FRAMEWORK AGREEMENT

The principal terms of the New Framework Agreement are summarised as follows:

- Date : 22 December 2017
- Parties: : Jiangsu Daming (as purchaser)
STSS (as supplier)
- Term: : 1 January 2018 to 31 December 2020
- Maximum aggregate volume of stainless steel and carbon steel to be purchased during the term : Jiangsu Daming Group agrees to purchase, and STSS agrees to supply to Jiangsu Daming Group, stainless steel and carbon steel not exceeding the following amounts during the respective periods as stated below:

Period	Maximum aggregate amount of stainless steel (tonnes)	Maximum aggregate amount of carbon steel (tonnes)
From 1 January 2018 to 31 December 2018	700,000	400,000
From 1 January 2019 to 31 December 2019	1,000,000	500,000
From 1 January 2020 to 31 December 2020	1,400,000	600,000

Basis of pricing : The purchase price of the stainless steel and carbon steel is to be determined with reference to the prevailing market price of similar products at the time when the order is placed by the relevant member of Jiangsu Daming Group with STSS and will be on normal commercial terms or not less favourable terms than those available to independent third parties at the relevant time.

The prevailing market price of the stainless steel and carbon steel will be determined on normal commercial terms based on the following:

- (i) the price of similar products available to independent third parties in the same or near region agreed on normal commercial terms in the ordinary course of business; or
- (ii) if the above paragraph (i) is not applicable, the price of similar products available to independent third parties in the PRC agreed on normal commercial terms in the ordinary course of business.

Payment terms : Payment should be made by the relevant member of Jiangsu Daming Group upon delivery of the products.

Definitive contracts : Definitive contracts specifying the price and quantity of the stainless steel and carbon steel will be entered into by the relevant member of Jiangsu Daming Group on a monthly basis.

Conditions precedent : The obligations of the parties under the New Framework Agreement shall be conditional upon:

- (i) if required, the approval of the New Framework Agreement by the independent Shareholders and the Stock Exchange; and
- (ii) the Company's compliance of the Listing Rules in respect of continuing connected transactions.

The maximum amounts to be paid by Jiangsu Daming Group to STSS for the supply of stainless steel and carbon steel pursuant to the New Framework Agreement are expected not to exceed approximately RMB15,000 million (approximately HK\$17,850 million), approximately RMB21,000 million (approximately HK\$24,990 million) and approximately RMB28,800 million (approximately HK\$34,272 million) for each of the years ending 31 December 2018, 31 December 2019 and 31 December 2020, respectively, by reference to the historical information of Jiangsu Daming Group's demand for stainless steel and carbon steel, the scale of Jiangsu Daming Group's expected business expansion and the average market price of stainless steel and carbon steel in the PRC market from 1 October 2017 to 31 October 2017.

The Company will comply with the requirement of the annual review as set out in Rules 14A.71 to 14A.72 of the Listing Rules and will re-comply with the relevant Listing Rules if any of the annual caps is exceeded, or when the New Framework Agreement is renewed or there is a material change to the terms of the New Framework Agreement.

REASONS FOR AND BENEFITS OF THE NEW FRAMEWORK AGREEMENT

The entering into of the New Framework Agreement enables the Group to secure constant supply of quality stainless steel and carbon steel raw materials, which contributes to the stable operation of the business of the Group.

The Directors (including the independent non-executive Directors) are of the view that the terms of the New Framework Agreement and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE COMPANY

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

INFORMATION ON TAIYUAN STEEL GROUP

The principal activity of Taiyuan Steel Group is the production of stainless steel, carbon steel and specialised steel.

LISTING RULES IMPLICATIONS

As a substantial shareholder of the JVC, which is a non wholly-owned subsidiary of the Company, Taiyuan Steel is a connected person of the Company, and STSS, being a non wholly-owned subsidiary of Taiyuan Steel, is a connected person of the Company at the subsidiary level. STSS's ongoing supply of stainless steel and carbon steel to Jiangsu Daming Group pursuant to the New Framework Agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

By virtue of Rule 14A.101 of the Listing Rules, as (i) STSS is a connected person of the Company at the subsidiary level; (ii) the continuing connected transactions are on normal commercial terms; (iii) the Board (including all the independent non-executive Directors) have approved the continuing connected transactions and confirmed that the terms of the continuing connected transactions are fair and reasonable and that the continuing connected transactions are on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the continuing connected transactions are subject to the reporting and announcement requirements but are exempted from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

“Board”	the board of Directors
“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)”	director(s) of the Company
“First Framework Agreement”	the framework agreement dated 4 March 2011 entered into between Jiangsu Daming and STSS in relation to the supply of stainless steel by STSS to Jiangsu Daming for the year ended 31 December 2011
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jiangsu Daming”	Jiangsu Daming Metal Products Company Limited (江蘇大明金屬製品有限公司), a limited company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company
“Jiangsu Daming Group”	Jiangsu Daming and its subsidiaries

“JVC”	Taiyuan Taigang Daming Metal Products Company Limited (太原太鋼大明金屬製品有限公司), a joint venture company owned as to 60% by Jiangsu Daming and 40% by Taiyuan Steel, established pursuant to the shareholders’ agreement dated 13 July 2011. The JVC is an indirect non wholly-owned subsidiary of the Company
“New Framework Agreement”	the framework agreement dated 22 December 2017 entered into between Jiangsu Daming and STSS in relation to the supply of stainless steel and carbon steel by STSS to Jiangsu Daming Group for each of the years ending 31 December 2018, 31 December 2019 and 31 December 2020, respectively
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Second Framework Agreement”	the framework agreement dated 16 November 2011 entered into between Jiangsu Daming and STSS in relation to the supply of stainless steel by STSS to Jiangsu Daming Group for each of the years ended 31 December 2012, 31 December 2013 and 31 December 2014, respectively
“Shareholder(s)”	holder(s) of share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“STSS”	Shanxi Taigang Stainless Steel Co., Ltd. (山西太鋼不鏽鋼股份有限公司), a stainless steel and carbon steel producer and a company whose shares are listed on The Shenzhen Stock Exchange (with stock code 000825)
“Taiyuan Steel”	Taiyuan Iron & Steel (Group) Co., Ltd. (太原鋼鐵(集團)有限公司), a state-owned enterprise incorporated in the PRC
“Taiyuan Steel Group”	for the purpose of this announcement, includes Taiyuan Steel and STSS

“Third Framework Agreement”

the framework agreement dated 29 December 2014 entered into between Jiangsu Daming and STSS in relation to the supply of stainless steel and carbon steel by STSS to Jiangsu Daming Group for each of the years ended 31 December 2015 and 31 December 2016 and the year ending 31 December 2017, respectively

“%”

per cent

The English names of the PRC entities referred to in this announcement are translations from their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese names shall prevail.

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

Hong Kong, 22 December 2017

As at the date of this announcement, the executive Directors are Mr. Zhou Keming (Chairman and Chief Executive Officer), Ms. Xu Xia, Mr. Zou Xiaoping, Mr. Jiang Changhong, Mr. Tang Zhonghai, Dr. Fukui Tsutomu, Mr. Zhang Feng and Mr. Wang Jian; and the independent non-executive Directors are Mr. Chen Xuedong, Mr. Cheuk Wa Pang, Prof. Hua Min, Mr. Lu Daming and Mr. Liu Fuxing.