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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)

**TRANSFER OF 5% OF THE EQUITY INTEREST IN AN INDIRECT
WHOLLY-OWNED SUBSIDIARY AND THE ENTERING INTO OF
A JOINT INVESTMENT AGREEMENT WITH BAOSTEEL
STAINLESS STEEL**

The Board is pleased to announce that on 28 April, 2014:

- (1) Jiangsu Daming (an indirect wholly-owned subsidiary of the Company), Fortune Express (an indirect wholly-owned subsidiary of the Company), Baosteel Stainless Steel and the Target Company entered into the Equity Transfer Agreement pursuant to which Jiangsu Daming agreed to transfer to Baosteel Stainless Steel, and Baosteel Stainless Steel agreed to acquire from Jiangsu Daming, 5% of the equity interest in the Target Company at a total consideration of RMB11,170,000 subject to the terms and conditions of the Equity Transfer Agreement; and
- (2) Jiangsu Daming, Fortune Express and Baosteel Stainless Steel entered into the Joint Investment Agreement.

As at the date of this announcement, the registered and paid-up capital of the Target Company is USD26,000,000 and the Target Company is an indirect wholly-owned subsidiary of the Company owned as to 52% by Jiangsu Daming and 48% by Fortune Express. Upon completion of the Equity Transfer, the Target Company will be owned as to 48% by Fortune Express, 47% by Jiangsu Daming and 5% by Baosteel Stainless Steel.

INTRODUCTION

The Board is pleased to announce that on 28 April, 2014:

- (1) Jiangsu Daming (an indirect wholly-owned subsidiary of the Company), Fortune Express (an indirect wholly-owned subsidiary of the Company), Baosteel Stainless Steel and the Target Company entered into the Equity Transfer Agreement pursuant to which Jiangsu Daming agreed to transfer to Baosteel Stainless Steel, and Baosteel Stainless Steel agreed to acquire from Jiangsu Daming, 5% of the equity interest in the Target Company at a total consideration of RMB11,170,000 subject to the terms and conditions of the Equity Transfer Agreement; and
- (2) Jiangsu Daming, Fortune Express and Baosteel Stainless Steel entered into the Joint Investment Agreement.

THE EQUITY TRANSFER AGREEMENT

Date: 28 April, 2014

Parties:

- (1) Jiangsu Daming;
- (2) Fortune Express;
- (3) Baosteel Stainless Steel; and
- (4) the Target Company.

The Company confirms that, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Baosteel Stainless Steel and its ultimate beneficial owner(s) are third parties independent of the Company and its connected person(s).

Subject matter: Pursuant to the Equity Transfer Agreement, Jiangsu Daming agreed to transfer to Baosteel Stainless Steel, and Baosteel Stainless Steel agreed to acquire from Jiangsu Daming, 5% of the equity interest in the Target Company.

Consideration: The total consideration for the 5% of the equity interest in the Target Company shall be RMB11,170,000.

Completion: Completion of the Equity Transfer shall take place after the settlement of the total consideration and subject to the registration of the change to effect.

As at the date of this announcement, the registered and paid-up capital of the Target Company is USD26,000,000 and the Target Company is an indirect wholly-owned subsidiary of the Company owned as to 52% by Jiangsu Daming and 48% by Fortune Express. Upon completion of the Equity Transfer, the Target Company will be owned as to 48% by Fortune Express, 47% by Jiangsu Daming and 5% by Baosteel Stainless Steel.

THE JOINT INVESTMENT AGREEMENT

Under the Joint Investment Agreement, Jiangsu Daming, Fortune Express and Baosteel Stainless Steel would have the following rights or options to require the other parties to acquire or sell their respective equity interests in the Target Company upon the occurrence of certain events:

Change of control: In the event that there is a change of control of Jiangsu Daming or Fortune Express, the other joint venture partners including Baosteel Stainless Steel shall be entitled to acquire the relevant party's equity interest in the Target Company or require the relevant party to acquire the equity interest in the Target Company held by Baosteel Stainless Steel at a consideration representing the then net asset value of the Target Company subject to valuation.

In the event that there is a change of control of Baosteel Stainless Steel but Baosteel Stainless Steel remains state-owned, the transfer of the equity interest in the Target Company held by Baosteel Stainless Steel shall be effected on the Assets and Equity Exchange in the PRC at a consideration subject to valuation to be carried out in accordance with the relevant state-owned assets supervision and administration laws and regulations in the PRC.

Exit option: If any of the following occurs, Baosteel Stainless Steel shall have the option to dispose to Jiangsu Daming and Fortune Express, and Jiangsu Daming and Fortune Express shall be obliged to acquire from Baosteel Stainless Steel, the equity interest in the Target Company held by Baosteel Stainless Steel:

- (1) the Target Company has suffered losses for more than two consecutive years;
- (2) the Target Company has committed a material offence;
- (3) the Target Company has been subject to a material administrative penalty imposed by any court or administrative authority to the effect that it has been ordered to (i) suspend its business; (ii) be wound up; or (iii) pay fines in an amount equal to or exceeding 20% of its registered capital;
- (4) a material event involving the Target Company has occurred, which event has a material adverse effect on the reputation of the “寶鋼(Baosteel)” brand;

- (5) any shareholder of the Target Company has been in material breach of the laws or has committed a material offence; and
- (6) all joint venture partners are of the opinion that Baosteel Stainless Steel should cease to have an equity interest in the Target Company.

In the event that Baosteel Stainless Steel exercises its option to dispose of its equity interest in the Target Company on the basis of any of the above circumstances, Jiangsu Daming and Fortune Express shall be obliged to acquire such equity interest from Baosteel Stainless Steel. The consideration for such acquisition shall be determined by reference to the valuation to be carried out in accordance with the relevant state-owned assets supervision and administration laws and regulations in the PRC and the transfer shall be effected on the Assets and Equity Exchange in the PRC.

Baosteel Stainless Steel has agreed that if the above obligations of Jiangsu Daming and Fortune Express will trigger the need for the Company to comply with any requirements (such as announcement and shareholders' approval) under the applicable rules of the Listing Rules, the performance of the above obligations by Jiangsu Daming and Fortune Express may be suspended for a reasonable period of time for the compliance with the applicable rules of the Listing Rules, provided that the maximum period of such suspension shall not exceed six months (calculated by reference to calendar days) from the date Baosteel Stainless Steel issued a written exit notification to Jiangsu Daming and Fortune Express.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY TRANSFER AGREEMENT AND THE JOINT INVESTMENT AGREEMENT

Baosteel Stainless Steel is a key supplier of the Group. The Company expects that the entering into of the Equity Transfer Agreement and the Joint Investment Agreement will strengthen the Group's strategic alliance with Baosteel Stainless Steel and its subsidiaries and enhance the Group's business.

INFORMATION ON THE GROUP

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

INFORMATION ON BAOSTEEL STAINLESS STEEL

Baosteel Stainless Steel is principally engaged in the production of stainless steel products including stainless steel coil, stainless steel plate, alloy steel and carbon steel.

DEFINITIONS

“Baosteel Stainless Steel”	寶鋼不銹鋼有限公司 (Baosteel Stainelss Steel Co., Ltd.*), a company established in the PRC and one of the Group’s suppliers, but is not the Company’s connected person
“Board”	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 of Hong Kong Limited
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Equity Transfer”	the transfer of 5% of the equity interest in the Target Company by Jiangsu Daming to Baosteel Stainless Steel pursuant to the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement dated 28 April, 2014 entered into among Jiangsu Daming, Fortune Express, Baosteel Stainless Steel and the Target Company
“Fortune Express”	Fortune Express Industrial Limited (通順實業有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jiangsu Daming”	江蘇大明金屬製品有限公司 (Jiangsu Daming Metal Products Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Joint Investment Agreement”	the joint investment agreement dated 28 April, 2014 entered into among Jiangsu Daming, Fortune Express and Baosteel Stainless Steel in relation to the management of the Target Company

“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China and, for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Target Company”	杭州萬州金屬製品有限公司(Hangzhou Wanzhou Metal Products Co., Ltd*), a company established in the PRC and owned as to 52% by Jiangsu Daming and 48% by Fortune Express as at the date of this announcement
“USD”	United States dollars, the lawful currency of the United States of America
“%”	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 name shall prevail.*

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

Hong Kong, 28 April 2014

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