

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

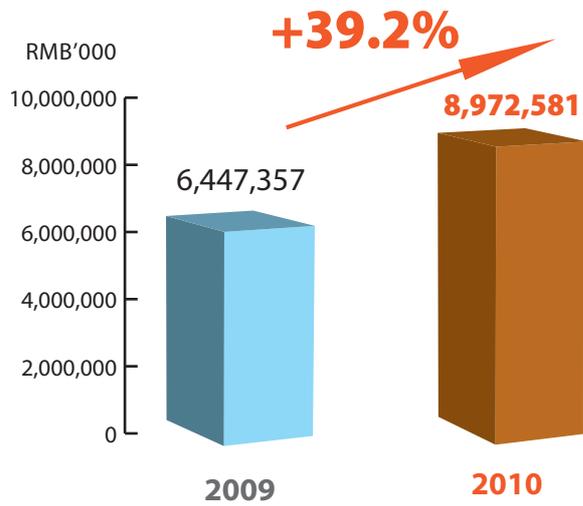
(incorporated in the Cayman Islands with limited liability)

(Stock code: 1090)

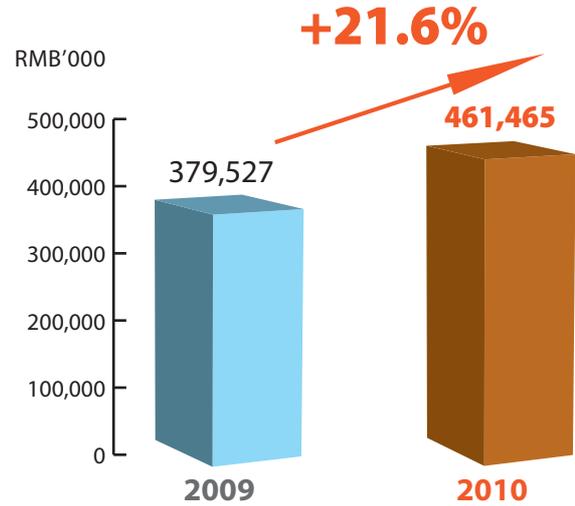
**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010**

FINANCIAL HIGHLIGHTS			
	2010	2009	
	<i>RMB'000</i>	<i>RMB'000</i>	% change
Revenue	8,972,581	6,447,357	+39.2%
Gross profit	461,465	379,527	+21.6%
Operating profit	355,734	283,613	+25.4%
Profit attributable to equity holders of the Company	235,507	203,498	+15.7%
Basic earnings per share (expressed in RMB per share)	0.30	0.27	+11.1%
Diluted earnings per share (expressed in RMB per share)	0.30	0.27	+11.1%
	2010	2009	% change
Sales volume	475,797 tons	419,806 tons	+13.3%
Processing volume	539,321 tons	447,755 tons	+20.5%
Processing volume to sales volume ratio	1.134	1.067	+6.3%

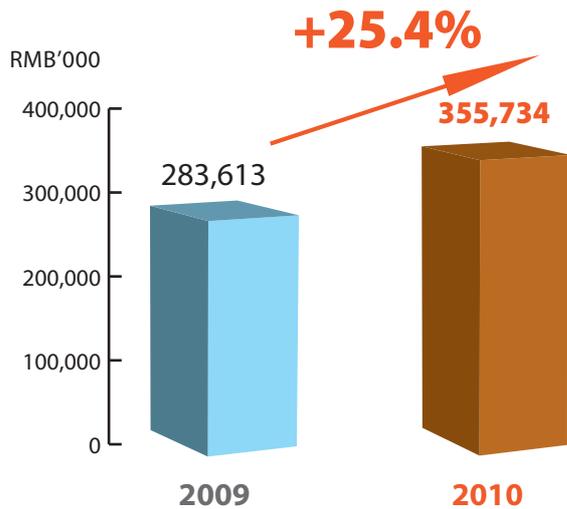
Revenue



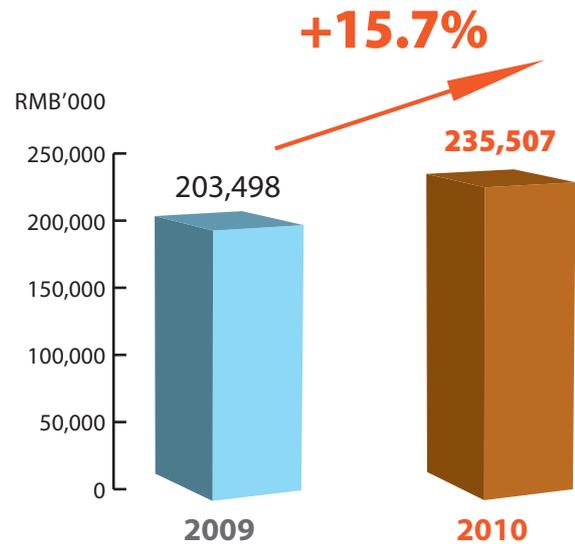
Gross profit



Operating profit



Profit attributable to equity holders of the Company



FINAL RESULTS

The board of directors (the “Board”) of Da Ming International Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2010 together with comparative figures for the year ended 31 December 2009, as follows:

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

For the year ended 31 December 2010

		Year ended 31 December	
		2010	2009
	Note	RMB'000	RMB'000
Revenue	2	8,972,581	6,447,357
Cost of sales	3	(8,511,116)	(6,067,830)
Gross profit		461,465	379,527
Other income, net	4	25,880	5,045
Other (losses)/gains, net	5	(6,291)	463
Distribution costs	3	(52,476)	(50,412)
Administrative expenses	3	(72,844)	(51,010)
Operating profit		355,734	283,613
Finance income	6	10,535	6,165
Finance costs	6	(51,580)	(26,556)
Finance cost - net	6	(41,045)	(20,391)
Profit before income tax		314,689	263,222
Income tax expense	7	(77,083)	(59,845)
Profit for the year		237,606	203,377
Other comprehensive income		–	–
Total comprehensive income for the year		237,606	203,377
Attributable to:			
Equity holders of the Company		235,507	203,498
Non-controlling interest		2,099	(121)
		237,606	203,377
Earnings per share for profit attributable to equity holders of the Company (expressed in RMB per share)			
– basic earnings per share	8	0.30	0.27
– diluted earnings per share	8	0.30	0.27
Dividends	9	–	–

CONSOLIDATED BALANCE SHEET

As at 31 December 2010

	As at 31 December	
	2010	2009
Note	RMB'000	RMB'000
ASSETS		
Non-current assets		
Land use rights	111,396	113,929
Property, plant and equipment	873,709	622,483
Investment property	9,123	9,578
Intangible assets	2,683	2,337
Deferred income tax assets	7,013	3,814
	<u>1,003,924</u>	<u>752,141</u>
Current assets		
Inventories	1,202,356	768,397
Trade receivables	10 188,703	107,911
Prepayments, deposits and other receivables	521,698	110,189
Restricted bank deposits	408,003	380,851
Cash and cash equivalents	379,036	79,168
	<u>2,699,796</u>	<u>1,446,516</u>
Total assets	<u>3,703,720</u>	<u>2,198,657</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	89,215	1
Reserves	1,337,377	681,141
	<u>1,426,592</u>	<u>681,142</u>
Non-controlling Interest	<u>24,861</u>	<u>7,176</u>
Total equity	<u>1,451,453</u>	<u>688,318</u>

CONSOLIDATED BALANCE SHEET (Continued)*As at 31 December 2010*

		As at 31 December	
		2010	2009
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
LIABILITIES			
Non-current liabilities			
Deferred government grants		15,020	15,773
Deferred income tax liabilities		3,340	930
		<u>18,360</u>	<u>16,703</u>
Current liabilities			
Trade payables	11	1,139,489	738,900
Accruals, advances from customers and other current liabilities		199,614	135,275
Amounts due to related parties		–	179,008
Current income tax liabilities		25,522	46,399
Borrowings		868,215	393,187
Current portion of deferred government grants		1,067	867
		<u>2,233,907</u>	<u>1,493,636</u>
Total liabilities		<u>2,252,267</u>	<u>1,510,339</u>
Total equity and liabilities		<u>3,703,720</u>	<u>2,198,657</u>
Net current assets/(liabilities)		<u>465,889</u>	<u>(47,120)</u>
Total assets less current liabilities		<u>1,469,813</u>	<u>705,021</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2010

	Attributable to equity holders of the Company		Non- controlling interest	Total equity
	Share Capital <i>RMB'000</i>	Reserve <i>RMB'000</i>		
Balance at 1 January 2009	1	624,643	7,297	631,941
Comprehensive income				
Profit for the year	–	203,498	(121)	203,377
Total comprehensive income for the year ended 31 December 2009	–	203,498	(121)	203,377
Transactions with owners				
Acquisition of equity interest in Jiangsu Daming by Fortune Express Industrial Limited	–	(147,000)	–	(147,000)
Total transactions with owners	–	(147,000)	–	(147,000)
Balance at 31 December 2009	<u>1</u>	<u>681,141</u>	<u>7,176</u>	<u>688,318</u>
Balance at 1 January 2010	1	681,141	7,176	688,318
Comprehensive income				
Profit for the year	–	235,507	2,099	237,606
Total comprehensive income for the year ended 31 December 2010	–	235,507	2,099	237,606
Transactions with owners				
Capital injection by non-controlling shareholder	–	–	15,586	15,586
Capital injection by equity holders of the Company	–	34,016	–	34,016
Issue of shares	89,214	386,661	–	475,875
Employee share option scheme	–	52	–	52
Total transactions with owners	89,214	420,729	15,586	525,529
Balance at 31 December 2010	<u>89,215</u>	<u>1,337,377</u>	<u>24,861</u>	<u>1,451,453</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended 31 December 2010

	2010	2009
	<i>RMB'000</i>	<i>RMB'000</i>
Cash flows from operating activities	(185,091)	178,856
Cash flows from investing activities	(269,153)	(225,172)
Cash flows from financing activities	754,564	(28,446)
Net increase/(decrease) in cash and cash equivalents	300,320	(74,762)
Cash and cash equivalents at beginning of year	79,168	153,903
Exchange (losses)/gains on cash and cash equivalents	(452)	27
Cash and cash equivalents at end of year	<u>379,036</u>	<u>79,168</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2010

1. BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies.

The accounting policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Standards adopted by the group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010.

- HKFRS 3 (revised), ‘Business combinations’ and consequential amendments to HKAS 27, ‘Consolidated and separate financial statements’, HKAS 28, ‘Investments in associates’, and HKAS 31, ‘Interests in joint ventures’, are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net assets. All acquisition-related costs are expensed. The adoption of this revised standards has no impact on the Group and the Company financial statements, as there have been no business combination in current period.

- HKAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. HKAS 27 (revised) has no impact on the current year, as none of the non-controlling interests have a deficit balance, there have been no transactions whereby an interest in an entity is retained after the loss of control of that entity, and there have been no transactions with non-controlling interests.

- HKAS 17 (amendment), ‘Leases’ deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Prior to the amendment, land interest which title is not expected to pass to the Group by the end of the lease term was classified as operating lease under “Leasehold land and land use rights”, and amortised over the lease term.
- (b) Standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2010 but not currently relevant to the group (although they may affect the accounting for future transactions and events)
- HK(IFRIC) 17, ‘Distribution of non-cash assets to owners’ (effective on or after 1 July 2009). The interpretation was published in November 2008. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. HKFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable.
 - HK(IFRIC) 18, ‘Transfers of assets from customers’, effective for transfer of assets received on or after 1 July 2009. This interpretation clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). In some cases, the entity receives cash from a customer that must be used only to acquire or construct the item of property, plant, and equipment in order to connect the customer to a network or provide the customer with ongoing access to a supply of goods or services (or to do both).
 - HK(IFRIC) 9, ‘Reassessment of embedded derivatives and HKAS 39, Financial instruments: Recognition and measurement’ effective 1 July 2009. This amendment to HK(IFRIC) 9 requires an entity to assess whether an embedded derivative should be separated from a host contract when the entity reclassifies a hybrid financial asset out of the “fair value through profit or loss” category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. If the entity is unable to make this assessment, the hybrid instrument must remain classified as at fair value through profit or loss in its entirety.

- HK(IFRIC) 16, Hedges of a net investment in a foreign operation' effective 1 July 2009. This amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of HKAS 39 that relate to a net investment hedge are satisfied. In particular, the group should clearly document its hedging strategy because of the possibility of different designations at different levels of the group.
- HKAS 38 (amendment), "Intangible assets", effective 1 January 2010. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives.
- HKAS 1 (amendment), 'Presentation of financial statements'. The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time.
- HKAS 36 (amendment), 'Impairment of assets', effective 1 January 2010. The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of HKFRS 8, 'Operating segments' (that is, before the aggregation of segments with similar economic characteristics).
- HKFRS 2 (amendments), 'Group cash-settled share-based payment transactions' effective from 1 January 2010. In addition to incorporating HK(IFRIC) 8, "Scope of HKFRS 2", and HK(IFRIC) 11, HKFRS 2-Group and treasury share transactions", the amendments expand on the guidance in HK(IFRIC) 11 to address the classification of group arrangements that were not covered by that interpretation.
- HKFRS 5 (amendment), 'Non-current assets held for sale and discontinued operations'. The amendment clarifies that HKFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of HKAS 1 still apply, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of HKAS 1.

- (c) Standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1 January 2010 and have not been early adopted.

The Group has not applied the following new and revised HKFRSs that have been issued but are not yet effective:

		Effective for annual periods beginning on or after
Amendments to HKAS 32	Classification of rights issues	1 February 2010
HK (IFRIC) – Int 19	Extinguishing financial liabilities with equity instruments	1 July 2010
HKAS 24 (revised)	Related party disclosures	1 January 2010
Amendments to HK (IFRIC) – Int 14	Prepayments of a minimum funding requirement	1 January 2010
HKFRS 9	Financial instruments	1 January 2013

Apart from the above, the HKICPA has issued the third annual improvements project (2010) in May 2010 which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wordings. The Group has not applied the following revised HKFRSs published in the third annual improvements project.

		Effective for annual periods beginning on or after
HKFRS 3 (Revised)	Business combinations	1 July 2010
HKAS 27	Consolidated and separate financial statements	1 July 2010
HKFRS 1	First time adoption of International	1 January 2011
HKFRS 7	Financial instruments: Disclosure	1 January 2011
HKAS 1	Presentation of financial statements	1 January 2011
HKAS 34	Interim financial reporting	1 January 2011
HK (IFRIC) – Int 13	Customer loyalty programmes	1 January 2011

The Group is in the process of making assessment of the impact of those new or revised HKFRSs upon initial adoption. While it is not expected that the adoption of these new or revised HKFRSs will have a significant impact on the Group or the Company's financial statements.

2. REVENUE

	2010 <i>RMB'000</i>	2009 <i>RMB'000</i>
Sales of goods	<u>8,972,581</u>	<u>6,447,357</u>

The chief operating decision-maker has been identified as the executive directors and all top management. The decision-maker reviews the Group's internal reporting in order to assess performance and allocate resources.

Based on these reports, the decision-maker has determined that single business segment information is presented as all of the Group's sales and operating profits are derived from the sales of stainless steel products, and all of the Group's productions and operating assets are located in Mainland China, which is considered as one segment with similar risks and returns.

The Group is domiciled in Mainland China. The result of its sales from external customers in different countries is as follows:

	2010 <i>RMB'000</i>	2009 <i>RMB'000</i>
– Mainland China	8,879,001	6,434,193
– Hong Kong and other overseas countries and regions*	<u>93,580</u>	<u>13,164</u>
Total sales	<u>8,972,581</u>	<u>6,447,357</u>

* Other overseas countries and regions mainly represented Singapore, South Korea, USA, Russia and Canada.

3. EXPENSES BY NATURE

Expenses included in cost of sales, distribution costs and administrative expenses were analysed as follows:

	2010 <i>RMB'000</i>	2009 <i>RMB'000</i>
Changes in inventories of finished goods	(233,457)	(94,814)
Raw materials consumed	8,648,845	6,119,451
Stamp duty, property tax and other surcharges	6,421	4,633
Transportation costs	47,842	43,558
Employee benefit expenses, including directors' emoluments	59,641	56,991
Depreciation and amortisation	55,241	42,637
Operating lease rental for buildings	1,828	2,833
Utilities charges	7,139	5,459
Provision for/(reversal of) write-down of inventories	3,889	(34,938)
Auditors' remuneration	1,980	1,792
Provision for/(reversal of) impairment of trade receivables	177	(71)
Entertainment and travelling expenses	12,766	12,723
Professional service expenses	6,865	667
Others	<u>17,259</u>	<u>8,331</u>
Total cost of sales, distribution costs and administrative expenses	<u>8,636,436</u>	<u>6,169,252</u>

4. OTHER INCOME, NET

	2010 <i>RMB'000</i>	2009 <i>RMB'000</i>
Subsidy income (<i>note</i>)	17,623	152
Amortisation of deferred government grants	883	455
Sales of packaging materials	6,399	2,943
Income from provision of loading services	1,625	1,573
Rental income	500	500
	<u>27,030</u>	<u>5,623</u>
Other income	<u>27,030</u>	<u>5,623</u>
Other expenses	<u>(1,150)</u>	<u>(578)</u>
	<u>25,880</u>	<u>5,045</u>

Note: Subsidy income primarily represents the income subsidy granted by local government to encourage the Group's business growth.

5. OTHER (LOSSES)/GAINS, NET

	2010 <i>RMB'000</i>	2009 <i>RMB'000</i>
Loss on disposal of property, plant and equipment, net	(959)	(33)
Foreign exchange (losses)/gains, net	(5,887)	268
Others	555	228
	<u>(6,291)</u>	<u>463</u>

6. FINANCE COST – NET

	2010 <i>RMB'000</i>	2009 <i>RMB'000</i>
Finance costs:		
Interest expenses on bank borrowings	25,335	13,520
Interest expenses on borrowings from Wuxi Daming Logistics Co., Ltd (“Daming Logistics”)	–	797
Interest expenses on bank acceptance notes	31,836	12,170
Exchange losses/(gains), net	(5,033)	69
	<u>52,138</u>	<u>26,556</u>
Less: amounts capitalised on qualifying assets	<u>(558)</u>	<u>–</u>
Total finance cost	51,580	26,556
Finance income:		
Interest income from bank deposit	(10,535)	(6,165)
Finance cost, net	<u>41,045</u>	<u>20,391</u>

7. INCOME TAX EXPENSE

	2010 <i>RMB'000</i>	2009 <i>RMB'000</i>
Current income tax		
– Mainland China corporate income tax	77,872	53,302
Deferred taxation	(789)	6,543
	<u>77,083</u>	<u>59,845</u>

The Company was incorporated in Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of Cayman Islands and, accordingly, is exempted from payment of Cayman Islands income tax.

The subsidiary incorporated in British Virgin Islands under the International Business Companies Acts of the British Virgin Islands is exempted from payment of British Virgin Islands income tax.

Hong Kong profits tax has not been provided as there is no estimated assessable profit arising in or derived from Hong Kong during the financial periods.

The PRC Corporate Income Tax (“CIT”) is calculated based on the statutory profit of subsidiaries incorporated in the PRC in accordance with the PRC tax laws and regulations, after adjustments on certain income and expense items, which are not assessable or deductible for income tax purposes.

Jiangsu Daming Metal Products Co., Ltd. (“Jiangsu Daming”) is subject to corporate income tax rate of 25% for the year 2010. Hangzhou Wanzhou Metal Products Co., Ltd. (“Hangzhou Wanzhou”), Wuhan Fortune Express Metal Products Co., Ltd. (“Wuhan Fortune”) and Tianjin Taigang Daming Metal Product Co., Ltd. (“Tianjin Taigang Daming”) have obtained approvals from the relevant tax authorities in Mainland China for their entitlement to exemption from CIT for the first two years and 50% reduction in CIT for the next three years, commencing from the first profitable year after offsetting all unexpired tax losses carried forward from the previous years in accordance with the relevant tax rules and regulations applicable to foreign investment enterprises in Mainland China. The tax holiday commenced for Hangzhou Wanzhou, Wuhan Fortune and Tianjin Taigang Daming was 2008.

8. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

	2010 <i>RMB'000</i>	2009 <i>RMB'000</i>
Profit attributable to equity holders of the company	<u>235,507</u>	<u>203,498</u>
Weighted average number of ordinary shares in issue (thousands)	<u>773,596</u>	<u>750,000</u>

(b) **Diluted**

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares of the company are share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2010	2009
	<i>RMB'000</i>	<i>RMB'000</i>
Earnings		
Profit used to determine diluted earnings per share	<u>235,507</u>	<u>203,498</u>
Weighted average number of ordinary shares in issue (thousands)	773,596	750,000
Adjustments for:		
– Share options (thousands)	<u>–</u>	<u>–</u>
Weighted average number of ordinary shares for diluted earnings per share (thousands)	<u>773,596</u>	<u>750,000</u>

9. DIVIDENDS

The Directors do not recommend the payment of final dividends in respect of the year ended 31 December 2010.

10. TRADE RECEIVABLES

	2010	2009
	<i>RMB'000</i>	<i>RMB'000</i>
Accounts receivable	102,938	80,249
Notes receivable		
– bank acceptance notes	82,531	21,251
– commercial acceptance notes	4,000	7,000
	<u>189,469</u>	<u>108,500</u>
Less: provision for impairment	<u>(766)</u>	<u>(589)</u>
Trade receivables – net	<u>188,703</u>	<u>107,911</u>

The fair values of trade receivables approximate their carrying amounts.

The Group's sales are mainly made on (i) cash on delivery; (ii) bank acceptance notes with maturity within 6 months; and (iii) credit terms of 1-90 days. Ageing analysis of trade receivables is as follows:

	2010 <i>RMB'000</i>	2009 <i>RMB'000</i>
Accounts receivable		
– Within 30 days	97,178	68,580
– 30 days to 3 months	3,970	8,382
– 3 months to 6 months	503	1,516
– 6 months to 1 year	19	731
– 1 year to 2 years	847	693
– 2 years to 3 years	421	347
	<hr/> 102,938	<hr/> 80,249
Notes receivable		
– Within 6 months	86,531	28,251
	<hr/> 189,469	<hr/> 108,500
	<hr/> 189,469	<hr/> 108,500

11. TRADE PAYABLES

	2010 <i>RMB'000</i>	2009 <i>RMB'000</i>
Accounts payable	19,689	14,900
Notes payable	1,119,800	724,000
	<hr/> 1,139,489	<hr/> 738,900
	<hr/> 1,139,489	<hr/> 738,900

As at 31 December 2009, notes payable of approximately RMB314,000,000 was secured by pledged bank deposits of approximately RMB106,200,000, and notes payable of approximately RMB410,000,000 was secured by pledged bank deposits of approximately RMB194,000,000 and guaranteed by Daming Logistics and Mr. Zhou Keming collectively.

As at 31 December 2010, notes payable of approximately RMB899,800,000 was secured by pledged bank deposits approximately RMB252,420,000.

The ageing analysis of the trade payables is as follows:

	2010	2009
	<i>RMB'000</i>	<i>RMB'000</i>
Up to 6 months	1,137,969	737,821
6 months to 1 year	1,520	1,043
1 year to 2 years	–	36
	<u>1,139,489</u>	<u>738,900</u>
	<u>1,139,489</u>	<u>738,900</u>

Trade payables are denominated in the following currencies:

	2010	2009
	<i>RMB'000</i>	<i>RMB'000</i>
RMB	1,139,489	738,896
EURO	–	4
	<u>1,139,489</u>	<u>738,900</u>
	<u>1,139,489</u>	<u>738,900</u>

The fair values of trade payables approximated their carrying amounts.

BUSINESS REVIEW

In 2010, the Company has made great progress in increasing its processing capacity and product variety and in improving its processing technology. The heavy machinery platform has started construction in April 2010. The ground work for the processing centre of 30,000 sq.m. was basically completed by the end of the year and the installation of equipments has been started. The Company introduced some advanced processing equipments such as three roller coiling machine, four roller coiling machine, bending machine of 3,000 tons, five-sided gantry processing centre, large floor type boring and milling machine, flat machine and wafer machine. The Company further optimized stainless steel cutting, surface polishing, cutting and forming process platform, focusing on building machining platform to further enhance the processing capability.

The total processing volume of our four processing centres achieved approximately 539,000 tons in 2010 as compared with approximately 448,000 tons in 2009 representing an increase of 20.5%. On the other hand, a total sales volume of approximately 476,000 tons was recorded in 2010 as compared with approximately 420,000 tons in 2009 representing an increase of 13.3%.

The increase in our total processing volume and total sales volume in 2010 was mainly due to the contribution from our Tianjin processing centre which started to operate on a full-year basis in 2010. Tianjin processing centre will become the regional centre of the Group in exploring the Northern China market.

On the other hand, our Wuxi processing centre remained to be the largest revenue contributor in our Group for 2010. Wuxi processing centre was the regional centre of the Group providing processing services to customers mainly in the eastern region of China. Similar to the previous year, the year ended 31 December 2010 saw the revenue from the eastern region of China accounted for over 75% of our Group's revenue.

The annual sales volume of the Group in 2010 increased by approximately 13.3% as compared with last year, and annual sales was approximately RMB8,972.6 million, representing a year-on-year increase of approximately 39.2%. Profit reached approximately RMB237.6 million, representing an increase of approximately 16.8% compared to last year, hence laying a solid foundation for future development of the Company.

OUTLOOK

The national policies and the economic development of the PRC have driven the development of the metal deep processing industry. To achieve the "Twelfth Five-Year" emission reduction targets set by the Chinese Government, the Government has requested to accelerate the restructuring of the steel industry. Developing the deep processing and enhancing the processing rate of steel materials are important objectives in helping speed up restructuring the steel industry. As a result, processing centres become increasingly prominent in the development of China's manufacturing

industry. They also play an important role in helping manufacturing enterprises enhance efficiency. Expansion in processing centres by the Company is in line with the development trend of the business model.

The processing centre also acts as the iron and steel logistics base, not only to improve the efficiency of raw material sourcing and shorten the time required for delivery, but also help the Company better understand customers' needs and provide them with tailor-made services.

The government clearly stated in the "Adjustment and Revitalization Plan for the Equipment Manufacturing Industry" that by 2010, it would aid development of large competitive equipment manufacturing enterprises to meet requirements from the energy, transportation, raw materials, national defence and other sectors. The Company plans to leverage on its regional advantages and industry consolidation trend to form equipment manufacturing centres with well-known brands.

In addition to developing processing centres, the Company has made every effort to improve its support capacities for the basic equipment manufacturing industry. This has resulted in the creation of a unique processing platform that supports locomotive, chemical tankers and other heavy equipment manufacturers. The Company will continue to expand in this direction in the coming years.

Over the years, the Company has maintained friendly relationships and correspondence with major stainless steel suppliers. Such ties have helped to address issues ranging from providing support to users to develop the steel market and providing services to market. Consequently, many stainless steel suppliers have become strategic partners of the Company. In the future, the Company will adhere to this cooperative policy strengthening ties with stainless steel suppliers to increase market share.

In the coming year, the Company will remain committed to developing specialized processing operations, such as heavy equipment supporting parts processing, high-strength steel processing and chemical tanker ship plate processing. The Company will also provide users with a personalized products processing platform and make every effort to bolster the capabilities of its short-process integrated service improving customer satisfaction.

The Company plans to further expand new operating platforms to speed up construction of heavy machinery platforms, expand machine processing platform, construct new flat bar steel, carbon steel and welding service platforms, and develop copper, aluminium, titanium and other non-ferrous metal and alloy processing platforms.

In the coming year, the Company plans complete construction of the Phase 5 of the heavy machinery platform at the Wuxi processing centre and start construction of Phase 6 of the welding and other processing platform. In the first half of this year, the Company will complete the planning for Phase 2 of the Hangzhou processing centre, and the carbon steel processing centre in Jingjiang, Jiangsu. In the coming year, the Company may consider establishing processing centres in other regions. The Company also plans to launch a processing business involving carbon steel, titanium, copper, aluminium and other metals in the second quarter of this year.

FINANCIAL REVIEW AND ANALYSIS

During the year under review, we recorded a revenue of approximately RMB8,972.6 million, gross profit of approximately RMB461.5 million and the profit attributable to equity holders of the Company of approximately RMB235.5 million. Total assets of the Group as at 31 December 2010 amounted to approximately RMB3,703.7 million while equity attributable to equity holders of the Company amounted to approximately RMB1,426.6 million.

Revenue

Our revenue increased by approximately RMB2,525.2 million, or 39.2%, from approximately RMB6,447.4 million in 2009 to approximately RMB8,972.6 million in 2010. Such increase was due to an increase of sales volume from 419,806 tons in 2009 to 475,797 tons in 2010 as well as an increase in the average selling prices of our stainless steel products from RMB15,358 per ton in 2009 to RMB18,858 per ton in 2010.

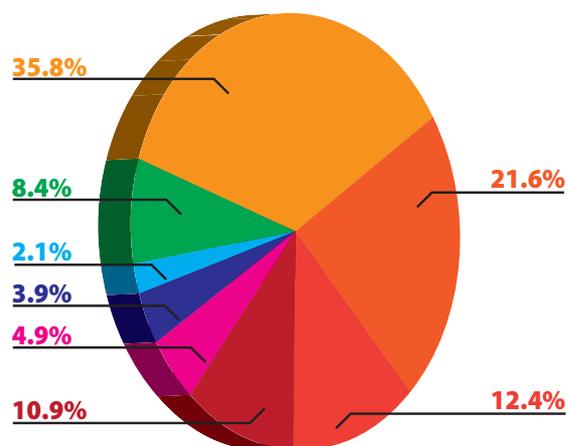
The increase in sales volume was mainly due to the increased sales volume of our Tianjin processing centre which started to operate on a full-year basis in 2010 and the increased sales volume of our Wuxi processing centre. With the strong recovery of PRC market in different industries in 2010, we were able to increase our market share and to expand our range of processing services by the introduction of new processing equipments focused on deep processing services.

The increase in the average selling prices of our stainless steel products was attributable to the increase in the average market prices of stainless steel materials as well as the increased processing fees charged to our customers.

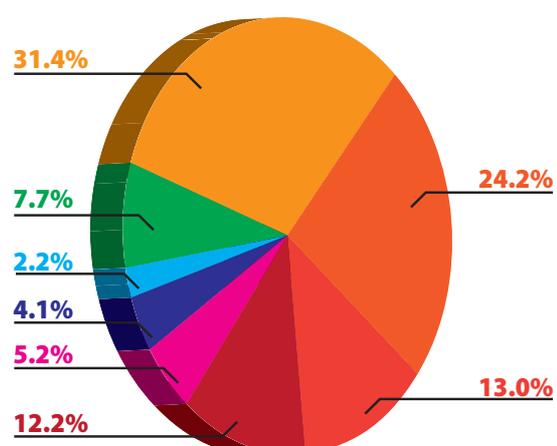
Analysis of revenue by key industry segments

During the year under review and the year ended 31 December 2009, our revenue by key industry segments are shown below:

Industry	Revenue			
	For the year ended 31 December 2010		2009	
	RMB'000	%	RMB'000	%
Machineries	3,214,294	35.8	2,024,064	31.4
Trading/Distributors	1,936,437	21.6	1,557,605	24.2
Petrochemical	1,115,503	12.4	839,798	13.0
Home Hardware & Appliances	977,772	10.9	784,197	12.2
Automobile and Transport	436,027	4.9	335,225	5.2
Construction	350,894	3.9	267,017	4.1
Renewable Energy	184,204	2.1	144,280	2.2
Others	757,450	8.4	495,171	7.7
Total	8,972,581	100.0	6,447,357	100.0



2010



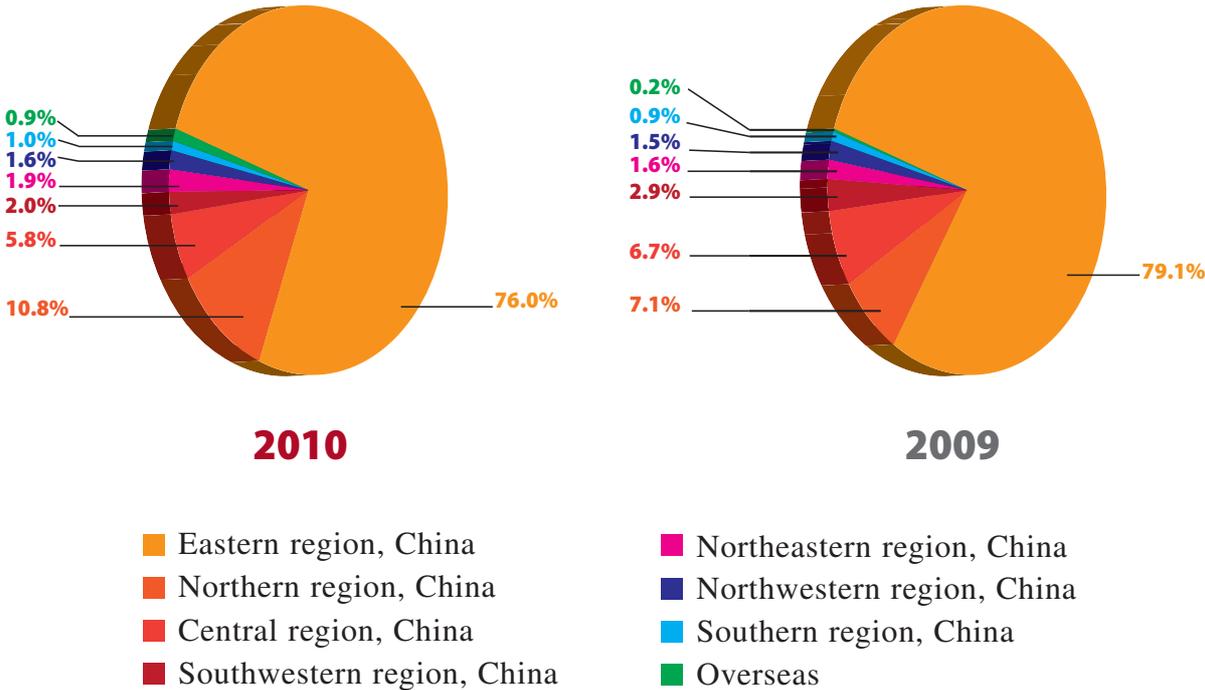
2009

- Machineries
- Trading/Distributors
- Petrochemical
- Home Hardware & Appliances
- Automobile and Transport
- Construction
- Renewable Energy
- Others

The four largest customer segments during the years ended 31 December 2010 and 2009 were machineries, trading/distributors, petrochemical and home hardware & appliances which, in aggregate, accounted for over 80% of our total revenue.

Analysis of revenue by geographic regions

Region	Revenue			
	For the year ended 31 December 2010		2009	
	RMB'000	%	RMB'000	%
Eastern region, China	6,815,440	76.0	5,101,982	79.1
Northern region, China	966,139	10.8	460,498	7.1
Central region, China	519,301	5.8	430,123	6.7
Southwestern region, China	183,436	2.0	184,383	2.9
Northeastern region, China	169,488	1.9	103,239	1.6
Northwestern region, China	147,098	1.6	94,592	1.5
Southern region, China	91,481	1.0	59,377	0.9
Overseas	80,198	0.9	13,163	0.2
	8,972,581	100.0	6,447,357	100.0



Our stainless steel products are sold mainly to domestic customers. As illustrated above, a majority of our sales during the years ended 31 December 2010 and 2009 was derived from the Eastern region of China, which was in line with where the majority of stainless steel was consumed in China.

Gross profit

Gross profit increased from approximately RMB379.5 million in 2009 to approximately RMB461.5 million in 2010 due to the increases in sales volume and the raising processing fee per ton as well as an improvement in cost control implemented in 2010. Gross profit per ton increased from RMB904 in 2009 to RMB970 in 2010 representing an increase of approximately 7.3% primarily due to the increased customers' demand in in-depth processing services after the installation of additional production facilities in 2010 capable of providing more advanced processing services.

Other income

Other income increased from approximately RMB5.0 million in 2009 to approximately RMB25.9 million mainly due to the increase in subsidy income of approximately RMB17.5 million granted by local government in 2010 and the increase of approximately RMB3.5 million in the sales of packaging materials.

Other (losses)/gains, net

Other losses amounted to approximately RMB6.3 million in 2010 as compared with other gains of approximately RMB0.5 million in 2009. The net losses in 2010 mainly represent exchange losses resulting from appreciation of Renminbi against Hong Kong dollars denominated bank deposits from the issue of shares through placing and public offering of the Company's shares in Hong Kong.

Distribution costs

Distribution costs increased slightly from approximately RMB50.4 million in 2009 to approximately RMB52.5 million in 2010. The increase was mainly due to an increase in transportation expenses and entertainment expenses of approximately RMB5.4 million, resulting from high level of sales in 2010, which was partially offset by a decrease of employee benefit expenses of approximately RMB4.6 million in 2010. The decrease in employee benefit expenses was primarily due to the termination of our sales incentive plan, which was implemented from 2008 to 2009 to encourage our sales force to try to secure more sale orders in response to the global economy downturn.

Administrative expenses

Administrative expenses increased from approximately RMB51.0 million in 2009 to approximately RMB72.8 million in 2010 mainly due to the listing expenses of approximately RMB5.7 million and the increases in employee benefit expenses and depreciation expenses of approximately RMB8.7 million as a result of business expansion.

Finance costs-net

Finance costs increased from approximately RMB20.4 million in 2009 to approximately RMB41.0 million in 2010 mainly due to the increase in interest expenses on bank borrowings and bank acceptance notes. The increases in bank borrowings and bank acceptance notes were attributable to the additional financing required for increased inventory level as a result of the growth in sales volume and increased average purchasing price as well as increased prepayment to suppliers for the purpose of locking the purchase price of January in 2011.

Income tax expense

Income tax expense increased from approximately RMB59.8 million in 2009 to approximately RMB77.1 million in 2010 mainly attributable to the increase in operating profit and the increase in effective income tax rate resulting from the expiration of tax free incentive of certain operating subsidiaries.

Profit for the year

Profit for the year increased from approximately RMB203.4 million in 2009 to approximately RMB237.6 million in 2010 representing an increase of approximately 16.8%.

Capital Expenditure

In 2010, our capital expenditure consisted of additions of property, plant and equipment as well as land use rights which amounted to approximately RMB304.6 million. (2009: RMB226.8 million).

Foreign Exchange Risk Management

The Group mainly operates in the PRC with most of the transactions denominated and settled in RMB. However, the Group has certain trade receivables, restricted bank balances, cash and cash equivalents, trade payables and borrowings denominated in foreign currencies, mainly United States Dollar and Hong Kong Dollar, which are exposed to foreign currency translation risk.

Our Group did not use any forward contract or other instruments to hedge its foreign currency exposure. Our management will closely monitor the exchange rate fluctuations to ensure sufficient precautionary measures against any adverse impacts.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2010, the bank loans of the Group amounted to approximately RMB868.2 million. Bank acceptance notes amounted to approximately RMB1,119.8 million as at 31 December, 2010 while the bank balances were approximately RMB787.0 million of which approximately RMB408.0 million were pledged mainly for the issuance of bank acceptance notes and letter of credit.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents.

Total capital is calculated as total equity plus net debt. The gearing ratios at 31 December 2010 and 2009 calculated on this basis were 25.2% and 31.3% respectively.

The decrease in the gearing ratio during 2010 resulted primarily from the issue of shares through placing and public offering of the Company's shares in Hong Kong.

SIGNIFICANT INVESTMENTS AND ACQUISITION

For the year ended 31 December 2010, the Group did not have any material acquisitions and disposals of assets.

USE OF PROCEEDS FROM GLOBAL OFFERING

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited in December 2010 with a total of 287,500,000 offer shares (including shares issued as a result of the exercise of the over-allotment option). The net proceeds from the global offering of approximately HK\$553.4 million will be utilized for the following purposes:

- Approximately 35%, or HK\$193.7 million, is expected to be used for the purchase of processing equipment, in particular, processing facilities for the machining platform for the fifth phase and sixth phase of our processing centre in Wuxi, Jiangsu.
- Approximately 15%, or HK\$83.0 million, is expected to be used for the development of a new processing centre in Changsha, Hunan, with an aggregate site area of 80,000 sq.m., the construction of which is expected to commence in 2011.
- Approximately 30%, or HK\$166.0 million, is expected to be used for the construction and development of a new processing and logistics complex in Jingjiang, Jiangsu with an aggregate site area of 530,000 sq.m., the construction of which is expected to commence in 2012.
- Approximately 10%, or HK\$55.3 million, is expected to be used for the construction and development of the second phase of our processing centre in Hangzhou.
- Approximately 10%, or HK\$55.3 million, is expected to be used for general working capital and general corporate purposes.

As at 31 December 2010, approximately RMB33.5 million had been applied towards the purchase of processing equipment and the construction of the fifth phase of our processing centre in Wuxi and approximately RMB14.1 million had been used for the development of the second phase of our processing centre in Hangzhou. The remaining balances of the proceeds from the global offering which were not immediately required for the above purposes were held in short-term deposits with licensed banks in Hong Kong.

HUMAN RESOURCES

The Group employed a total of 945 staff as at 31 December 2010 (2009: 768). There was a 23% growth in our workforce in 2010 as compared with 2009. The increase in headcounts was due to business expansion of our Group.

The remuneration of employees was based on their performance, skills knowledge, experiences and market trend. The Group reviews the remuneration policies and packages on a regular basis. In addition to basic salaries, employees may be offered with discretionary bonus on individual performance. The Group has also adopted a share option scheme for its employees, providing incentives and rewards to eligible participants with reference to their contribution.

DIVIDEND

The Directors do not recommend the payment of final dividends for the year ended 31 December 2010.

CORPORATE GOVERNANCE

The Company adopted the Code on Corporate Governance Practices (the “CG Code”) set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) as its own code of corporate governance. The Company has complied with the CG Code throughout the period from 1 December 2010 (the date of listing) to 31 December 2010 except for the deviation from code provision A.2.1 which stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. During the reporting period, the positions of the chairman and the chief executive officer were held by Mr. Zhou Keming.

Mr. Zhou is the founder of the Group and has extensive knowledge in the stainless steel industry. Having considered the current development of the Group and be responsive to the fast and myriad changes in the business environment, the Board believes that vesting the dual roles in the same person provides the Company with strong and consistent leadership in the development and execution of long term business strategies.

In addition, there is a general manager in each of our Wuhan, Hangzhou and Tianjin offices to assist the chief executive officer to manage the daily operations of the respective processing centres.

Furthermore, each business operating unit has one or more executive Directors or senior officers responsible for implementing the policies and strategies set out by the Board in order to ensure the successful day-to-day management of the Group.

With the above reasons, the Company is of the view that Mr. Zhou Keming, with his profound expertise in the stainless steel industry, shall continue his dual capacity as the chairman and chief executive officer of the Company. The Board would nevertheless review this arrangement from time to time in light of prevailing circumstances.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

From 1 December 2010 (the date of listing) to 31 December 2010, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

ANNUAL GENERAL MEETING

The Annual General Meeting ("AGM") of the Company will be held on 16 May 2011. A notice convening the AGM will be published and dispatched to the shareholders of the Company (the "Shareholders") in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining Shareholders who are entitled to attend and vote at the forthcoming AGM, the register of members of the Company will be closed from Wednesday, 11 May 2011 to Monday, 16 May 2011, both days inclusive. During the aforementioned periods, no requests for the transfer of shares will be accepted. All transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Share Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 9 May 2011 in order to qualify for attending the above AGM.

AUDIT COMMITTEE

The audit committee of the Company has discussed with the management and reviewed the audited consolidated annual results of the Company for the year ended 31 December 2010 and considered that the Company has complied with all applicable accounting standards and requirements.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of this announcement of the Group's results for the year ended 31 December 2010 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE WEBSITE

This announcement is published on the websites of the Company (www.dmssc.net) and The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2010 will be dispatched to the Shareholders and available on the above websites in due course.

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

Hong Kong, 25 March 2011

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