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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)

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcements of the Company dated 13 July 2011 and 27 July 2011 in relation to the establishment of the JVC by Jiangsu Daming and Taiyuan Steel and the Company's continuing connected transactions with respect to STSS's ongoing supply of stainless steel to Jiangsu Daming pursuant to the Original Framework Agreement, respectively.

The term of the Original Framework Agreement will expire on 31 December 2011 and on 16 November 2011, Jiangsu Daming and STSS entered into the New Framework Agreement in relation to the ongoing supply of stainless steel by STSS to the Jiangsu Daming Group during the period from 1 January 2012 to 31 December 2014.

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 also a connected person of the Company. STSS's ongoing supply of stainless steel to the Jiangsu Daming Group pursuant to the New Framework Agreement constitutes continuing connected transactions of the Company. Given that each of the applicable percentage ratios in respect of the maximum aggregate annual value under the New Framework Agreement is higher than 5%, the transactions pursuant to the New Framework Agreement constitute non-exempt continuing connected transactions of the Company and is subject to the reporting, annual review, announcement and independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

As no Shareholder is required to abstain from voting if the Company were to convene a general meeting to approve the New Framework Agreement and the transactions contemplated thereunder, on 16 November 2011, the controlling Shareholder, Ally Good Group Limited, holding 709,275,000 Shares as at the date of this announcement (representing approximately 68.36% of the entire issued share capital of the Company) and having the right to attend and vote at such general meeting, has given to the Company its written approval for the New Framework Agreement and the transactions contemplated thereunder. As such, an application for waiver of the Shareholders' meeting has been made to the Stock Exchange pursuant to Rule 14A.43 of the Listing Rules.

An independent board committee of the Company comprising all of the independent non-executive Directors has been formed to advise the independent Shareholders in respect of the terms of the New Framework Agreement and the proposed annual caps. Donvex Capital Limited has been appointed to advise the independent board committee of the Company and the independent Shareholders on the terms of the New Framework Agreement and the proposed annual caps.

A circular containing, among other things, further details of the New Framework Agreement and the transactions contemplated thereunder, a letter of recommendation from the independent board committee of the Company, a letter of advice from the independent financial adviser to the independent board committee of the Company and the independent Shareholders on the New Framework Agreement and other information as required under the Listing Rules will be despatched to the Shareholders on or before 7 December 2011.

BACKGROUND

Reference is made to the announcements of the Company dated 13 July 2011 and 27 July 2011 in relation to the establishment of the JVC by Jiangsu Daming and Taiyuan Steel and the Company's continuing connected transactions with respect to STSS's ongoing supply of stainless steel to Jiangsu Daming pursuant to the Original Framework Agreement, respectively.

The term of the Original Framework Agreement will expire on 31 December 2011 and on 16 November 2011, Jiangsu Daming and STSS entered into the New Framework Agreement in relation to the ongoing supply of stainless steel by STSS to the Jiangsu Daming Group during the period from 1 January 2012 to 31 December 2014.

THE NEW FRAMEWORK AGREEMENT

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

- Date : 16 November 2011
- Parties : Jiangsu Daming (as purchaser)
STSS (as supplier)
- Term : 1 January 2012 to 31 December 2014
- Aggregate volume to be purchased during the term : Jiangsu Daming agrees to purchase, and STSS agrees to supply to the Jiangsu Daming Group, stainless steel not exceeding the following amounts during the respective periods as stated below:

Period	Maximum Amount of stainless steel in aggregate
From 1 January 2012 to 31 December 2012	400,000 tonnes
From 1 January 2013 to 31 December 2013	600,000 tonnes
From 1 January 2014 to 31 December 2014	700,000 tonnes

Further subcontracts specifying the quantity of the stainless steel will be entered into by the relevant member of the Jiangsu Daming Group on a monthly basis

- Basis of pricing : The purchase price of the stainless steel is to be determined with reference to the prevailing market price of stainless steel in the PRC at the time when the order is placed by the relevant member of the Jiangsu Daming Group with STSS
- Payment terms : The price of stainless steel is required to be paid upon delivery of the stainless steel by the relevant member of the Jiangsu Daming Group
- Conditions precedent : The obligations of the parties under the New Framework Agreement shall be conditional upon, if required, the approval of the New Framework Agreement and the transactions contemplated thereunder by the independent Shareholders of the Company and the Stock Exchange

The maximum amounts to be paid by the Jiangsu Daming Group to STSS for the supply of stainless steel pursuant to the New Framework Agreement are expected not to exceed approximately RMB11,200 million (approximately HK\$13,742 million), approximately RMB17,600 million (approximately HK\$21,595 million) and approximately RMB21,600 million (approximately HK\$26,503 million) for the three years ending 31 December 2012, 31 December 2013 and 31 December 2014, respectively, by reference to the historical information of the demand for stainless steel of the Jiangsu Daming Group, the expected expansion in business scale and by reference to the average market price of stainless steel in the PRC market from January 2011 to September 2011.

The Company will comply with the requirement of the annual review as set out in Rules 14A.37 to 14A.40 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, when 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 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 in the ordinary and usual course of business of the Group, have been arrived at after arm's length negotiations, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE COMPANY

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

INFORMATION ON TAIYUAN STEEL GROUP

The principal activity of Taiyuan Steel Group is the production of stainless 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 also a connected person of the Company. STSS's ongoing supply of stainless steel to the Jiangsu Daming Group pursuant to the New Framework Agreement constitutes continuing connected transactions of the Company. Given that each of the applicable percentage ratios in respect of the maximum aggregate annual value under the New Framework Agreement is higher than 5%, the transactions pursuant to the New Framework Agreement constitute non-exempt

continuing connected transactions of the Company and is subject to the reporting, annual review, announcement and independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

As no Shareholder is required to abstain from voting if the Company were to convene a general meeting to approve the New Framework Agreement and the transactions contemplated thereunder, on 16 November 2011, the controlling Shareholder, Ally Good Group Limited, holding 709,275,000 Shares as at the date of this announcement (representing approximately 68.36% of the entire issued share capital of the Company) and having the right to attend and vote at such general meeting, has given to the Company its written approval for the New Framework Agreement and the transactions contemplated thereunder. As such, an application for waiver of the Shareholders' meeting has been made to the Stock Exchange pursuant to Rule 14A.43 of the Listing Rules.

An independent board committee of the Company comprising all of the independent non-executive Directors has been formed to advise the independent Shareholders in respect of the terms of the New Framework Agreement and the proposed annual caps. Donvex Capital Limited has been appointed to advise the independent board committee of the Company and the independent Shareholders on the terms of the New Framework Agreement and the proposed annual caps.

A circular containing, among other things, further details of the New Framework Agreement and the transactions contemplated thereunder, a letter of recommendation from the independent board committee of the Company, a letter of advice from the independent financial adviser to the independent board committee of the Company and the independent Shareholders on the New Framework Agreement and other information as required under the Listing Rules will be despatched to the Shareholders on or before 7 December 2011.

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
“Group”	the Company and its subsidiaries
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Framework Agreement”	the annual framework agreement dated 16 November 2011 entered into between Jiangsu Daming and STSS in relation to the supply of stainless steel by STSS to the Jiangsu Daming Group for the three years ending 31 December 2012, 31 December 2013 and 31 December 2014 respectively
“Original 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 ending 31 December 2011
“RMB”	Renminbi, the lawful currency of the PRC
“PRC”	The People’s Republic of China
“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 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
“%”	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, 16 November 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.