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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 TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

This announcement is made pursuant to Rule 14A.41 of the Listing Rules.

Further to the announcement of the Company dated 13 July 2011 in relation to the establishment of the JVC, the Company has been informed by Taiyuan Steel that as all approval and authorisation from the State-owned Assets Supervision and Administration Commission of Shanxi Province (山西省國有資產監督管理委員會) had been obtained, the shareholders' agreement for the establishment of the JVC had become unconditional and the business licence of the JVC had been obtained on 26 July 2011. The JVC is owned as to 60% by Jiangsu Daming and 40% by Taiyuan Steel.

Before the establishment of the JVC, STSS, owned as to approximately 64.24% by Taiyuan Steel, had been supplying stainless steel to the Group pursuant to the Framework Agreement. The supply of stainless steel to the Group by STSS was conducted in the ordinary and usual course of business of the Group.

As a substantial shareholder of the JVC, which in turn is a non wholly-owned subsidiary of the Company, Taiyuan Steel becomes 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 Group pursuant to the Framework Agreement after the establishment of the JVC constitutes continuing connected transactions of the Company and the Company is required under Rule 14A.41 to comply with the applicable reporting and disclosure requirements under Chapter 14A of the Listing Rules in respect thereof.

BACKGROUND

Reference is made to the announcement of the Company dated 13 July 2011 in relation to the establishment of the JVC.

The Company has been informed by Taiyuan Steel that as all approval and authorisation from the State-owned Assets Supervision and Administration Commission of Shanxi Province (山西省國有資產監督管理委員會) had been obtained, the shareholders' agreement for the establishment of the JVC had become unconditional and the JVC is owned as to 60% by Jiangsu Daming and 40% by Taiyuan Steel.

THE SUPPLY OF STAINLESS STEEL

Before the establishment of the JVC, STSS, owned as to approximately 64.24% by Taiyuan Steel, had been supplying stainless steel to the Group pursuant to the Framework Agreement. The supply of stainless steel to the Group by STSS was conducted in the ordinary and usual course of business of the Group.

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

- Date : 4 March 2011
- Parties : Jiangsu Daming (as purchaser)
STSS (as supplier)
- Term : 1 January 2011 to 31 December 2011
- Aggregate volume to be purchased during the term : Jiangsu Daming agrees to purchase, and STSS agrees to supply, 360,000 tonnes of stainless steel in aggregate during the period between 1 January 2011 and 31 December 2011, with further subcontracts specifying the quantity of the stainless steel to be entered into on a monthly basis. 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 with STSS.

As STSS does not provide any credit to Jiangsu Daming for the supply of stainless steel, the price of stainless steel is required to be paid on or before delivery. The maximum amount to be paid by the Group to STSS for the supply of stainless steel from 26 July 2011 to 31 December 2011 is estimated to range between approximately RMB4,000 million to approximately RMB4,500 million by reference to the average market price of stainless steel in the PRC market from 1 July 2011 to 22 July 2011 and the remaining volume of stainless steel to be sold under the Framework Agreement.

LISTING RULES IMPLICATIONS

As a substantial shareholder of the JVC, which in turn is a non wholly-owned subsidiary of the Company, Taiyuan Steel becomes 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 Group pursuant to the Framework Agreement after the establishment of the JVC constitutes continuing connected transactions of the Company and the Company is required under Rule 14A.41 to comply with the applicable reporting and disclosure requirements under Chapter 14A of the Listing Rules in respect thereof. The Company will comply in full with all applicable requirements under Chapter 14A of the Listing Rules upon any variation or renewal of the Framework Agreement.

REASONS FOR AND BENEFITS OF THE FRAMEWORK AGREEMENT

The entering into of the Framework Agreement on an annual basis for the supply of stainless steel provides the Group with constant supply of stainless steel raw materials of quality, 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 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 Group 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 specialized steel.

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

“Framework Agreement”	the annual 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 during the period from 1 January 2011 to 31 December 2011
“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
“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 a non wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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 and departments 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, 27 July 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.