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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)

MAJOR TRANSACTION FORMATION OF JOINT VENTURE

On 13 July 2011, Jiangsu Daming, an indirect wholly-owned subsidiary of the Company, entered into the Shareholders' Agreement with Taiyuan Steel, for the formation of the JVC. Upon its formation, the JVC will be owned as to 60% by Jiangsu Daming and 40% by Taiyuan Steel.

The total investment amount and the registered capital of the JVC are RMB1,080,000,000 and RMB500,000,000, respectively. Accordingly, the investment amount to be contributed by Jiangsu Daming will be RMB648,000,000.

As one of the applicable percentage ratios is more than 25% but less than 100%, the Transaction constitutes a major transaction of the Company and is subject to approval by the Shareholders. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has any interest in the Shareholders' Agreement and therefore, none of the Shareholders is required to abstain from voting if the Company was to convene a general meeting for approving the Transaction. A written approval for the purpose of approving the Transaction has been obtained from Ally Good, which is beneficially interested in 709,275,000 Shares, representing approximately 68.36% of the issued share capital of the Company as at the date hereof, in lieu of an approval from the Shareholders at the general meeting pursuant to Rule 14.44 of the Listing Rules.

A circular containing, among other things, further details of the Transaction will be despatched to the Shareholders in accordance with the Listing Rules. The Company expects that the circular will be despatched on or before 3 August 2011.

INTRODUCTION

On 13 July 2011, Jiangsu Daming, an indirect wholly-owned subsidiary of the Company, entered into the Shareholders' Agreement with Taiyuan Steel, for the formation of the JVC. Upon its formation, the JVC will be owned as to 60% by Jiangsu Daming and 40% by Taiyuan Steel.

DETAILS OF THE SHAREHOLDERS' AGREEMENT

Date : 13 July 2011

Parties : (1) Jiangsu Daming; and
(2) Taiyuan Steel.

The JVC is to be owned as to 60% by Jiangsu Daming and 40% by Taiyuan Steel.

The Company confirms that, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save and except for the 9% equity interest in Tianjin Taigang Daming Metal Product Co., Ltd. (天津太鋼大明金屬製品有限公司) (a non wholly-owned subsidiary of the Company), held by Shanxi Taigang Stainless Steel Co., Ltd. (山西太鋼不銹鋼股份有限公司), a company that Taiyuan Steel is interested in approximately 64.24%, Taiyuan Steel and its ultimate beneficial owner(s) are third parties independent of the Company and its connected person(s).

Scope of business : The establishment and operation of a processing centre in Taiyuan, Shanxi Province, the PRC for the processing of stainless steel and carbon steel.

Total investment amount : RMB1,080,000,000

Registered capital : RMB500,000,000

The registered capital will be contributed into the JVC by three instalments:

- (i) 20% of the registered capital to be paid within fifteen (15) working days from the date on which the Shareholders' Agreement becoming unconditional;

- (ii) 40% of the registered capital shall be paid within twelve (12) months from the date of the establishment of the JVC; and
- (iii) the remaining 40% shall be paid within twenty four (24) months from the date of the establishment of the JVC.

The total investment amount of the JVC is determined after taking into account factors including the land to be acquired for the construction of the processing centre and the machinery and equipment to be acquired for the processing of stainless steel and carbon steel.

Upon formation, the JVC will be accounted for as a non wholly-owned subsidiary of the Company and therefore, will be consolidated into the Company's consolidated financial statements in accordance with the Company's interest in the JVC.

The registered capital of the JVC to be contributed by Jiangsu Daming (i.e. RMB300,000,000) will be funded by the Group's internal resources. The difference between the registered capital and the total investment amount of the JVC will be funded by bank loans and/or shareholders loans and/or capital contribution from Jiangsu Daming and Taiyuan Steel in proportion to their respective interests in the JVC, when considered to be necessary by the board of the JVC based on the working capital and business development requirements of the JVC from time to time.

- Conditions precedent** : The Shareholders' Agreement is conditional upon the following conditions being fulfilled:
- (i) the Shareholders' Agreement being duly executed by the legal representatives of each of Jiangsu Daming and Taiyuan Steel;
 - (ii) the Shareholders' Agreement being approved by the board of directors of Jiangsu Daming and the board of directors of Taiyuan Steel;

(iii) the Transaction being approved by the Shareholders;
and

(iv) 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) having been obtained by Taiyuan Steel.

Term : 20 years from the date of issue of the business license of the JVC, and to be extended subject to the parties' agreement.

Board composition : The board of the JVC will consist of five directors, three of which will be nominated by Jiangsu Daming and two of which will be nominated by Taiyuan Steel. The chairman of the board of the JVC will be nominated by Taiyuan Steel.

Transfer of equity interest : The Shareholders' Agreement contains standard restrictive provisions (such as pre-emption rights) in relation to the transfer of the equity interests by the parties.

The parties agreed not to transfer their equity interests in the JVC to any third parties within five years from the date when the first instalment of the registered capital is paid.

REASONS FOR AND BENEFITS OF THE FORMATION OF THE JVC

Taiyuan Steel is the largest stainless steel producer in the world and Jiangsu Daming is a large-scale independent stainless steel processor in the PRC. Through the establishment of the JVC, Jiangsu Daming can strengthen its strategic alliance with Taiyuan Steel as well as increasing its market share and market penetration in mid-west region of the PRC for the processing of stainless steel and carbon steel.

The Directors are of the view that the terms of the Shareholders' Agreement 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 principally engaged in the processing, distribution and sale of stainless steel products.

INFORMATION ON TAIYUAN STEEL

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

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios is more than 25% but less than 100%, the Transaction constitutes a major transaction of the Company and is subject to approval by the Shareholders. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has any interest in the Shareholders' Agreement and therefore, none of the Shareholders is required to abstain from voting if the Company was to convene a general meeting for approving the Transaction. A written approval for the purpose of approving the Transaction has been obtained from Ally Good, which is beneficially interested in 709,275,000 Shares, representing approximately 68.36% of the issued share capital of the Company as at the date hereof, in lieu of an approval from the Shareholders at the general meeting pursuant to Rule 14.44 of the Listing Rules.

A circular containing, among other things, further details of the Transaction will be despatched to the Shareholders in accordance with the Listing Rules. The Company expects that the circular will be despatched on or before 3 August 2011.

DEFINITIONS

“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
“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
“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 to be established in the PRC, to be owned as to 60% by Jiangsu Daming and 40% by Taiyuan Steel

“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 PRC
“Shareholder(s)”	holder(s) of Share(s)
“Shareholders’ Agreement”	the conditional shareholders’ agreement dated 13 July 2011 entered into between Jiangsu Daming and Taiyuan Steel in relation to the formation of the JVC
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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
“Transaction”	the entering into of the Shareholders’ Agreement and the transactions contemplated thereunder
“%”	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, 13 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.