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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)

## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

<b>FINANCIAL HIGHLIGHTS</b>			
	<b>Year ended 31 December</b>		
	<b>2024</b>	<b>2023</b>	
	<b>RMB'000</b>	<b>RMB'000</b>	<b>% change</b>
Revenue	<b>46,453,309</b>	50,560,063	-8.1%
Gross profit	<b>685,686</b>	921,534	-25.6%
Loss and total comprehensive loss for the year	<b>(385,139)</b>	(190,493)	+102.2%
<b>OPERATING HIGHLIGHTS</b>			
	<b>Year ended 31 December</b>		
	<b>2024</b>	<b>2023</b>	<b>% change</b>
<b>Stainless steel</b>			
Sales volume (tonnes)	<b>2,056,957</b>	2,043,000	+0.7%
Processing volume (tonnes)	<b>3,179,884</b>	3,241,597	-1.9%
Processing multiple ( <i>note</i> )	<b>1.55</b>	1.59	
<b>Carbon steel</b>			
Sales volume (tonnes)	<b>5,059,186</b>	4,855,332	+4.2%
Processing volume (tonnes)	<b>4,785,147</b>	4,863,370	-1.6%
Processing multiple ( <i>note</i> )	<b>0.95</b>	1.00	
<i>Note:</i>	Processing multiple = Processing volume/Sales volume		

## FINAL RESULTS

The board of directors (the “Board”) of Da Ming International Holdings Limited (the “Company”) hereby announce the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2024 together with comparative figures for the year ended 31 December 2023, as follows:

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 December 2024*

		Year ended 31 December	
		2024	2023
	Note	RMB'000	RMB'000
Revenue	2	<b>46,453,309</b>	50,560,063
Cost of goods sold	3	<b>(45,767,623)</b>	(49,638,529)
<b>Gross profit</b>		<b>685,686</b>	921,534
Other income	4	<b>57,313</b>	69,224
Other gain/(loss) – net	5	<b>4,406</b>	(12,394)
Distribution costs	3	<b>(506,393)</b>	(493,264)
Administrative expenses	3	<b>(437,699)</b>	(455,537)
<b>Operating (loss)/profit</b>		<b>(196,687)</b>	29,563
Finance income	6	<b>44,838</b>	36,526
Finance costs	6	<b>(286,679)</b>	(274,371)
Finance costs – net	6	<b>(241,841)</b>	(237,845)
<b>Loss before income tax</b>		<b>(438,528)</b>	(208,282)
Income tax credit	7	<b>53,389</b>	17,789
<b>Loss and total comprehensive loss for the year</b>		<b>(385,139)</b>	(190,493)
<b>Attributable to:</b>			
Shareholders of the Company		<b>(414,579)</b>	(219,068)
Non-controlling interests		<b>29,440</b>	28,575
		<b>(385,139)</b>	(190,493)
<b>Earnings per share for profit attributable to shareholders of the Company during the year</b>			
(expressed in RMB per share)			
– Basic loss per share	8	<b>(0.33)</b>	(0.17)
– Diluted loss per share	8	<b>(0.33)</b>	(0.17)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

		As at 31 December	
		2024	2023
	Note	RMB'000	RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		5,121,368	5,200,514
Right-of-use assets		521,364	540,228
Investment properties		1,638	1,905
Intangible assets		19,987	23,937
Deferred income tax assets		254,394	170,022
Contract assets	10	5,651	13,878
Other non-current assets		38,957	36,141
		<u>5,963,359</u>	<u>5,986,625</u>
<b>Current assets</b>			
Inventories		3,821,706	3,952,758
Trade receivables and contract assets	10	414,538	462,592
Prepayments, deposits and other receivables		1,075,670	1,161,519
Financial assets at fair value through other comprehensive income		49,762	59,040
Restricted bank deposits		1,491,549	1,301,037
Cash and cash equivalents		153,891	265,311
		<u>7,007,116</u>	<u>7,202,257</u>
<b>Total assets</b>		<u><b>12,970,475</b></u>	<u><b>13,188,882</b></u>
<b>EQUITY</b>			
<b>Equity attributable to shareholders of the Company</b>			
Share capital		109,041	109,041
Reserves		2,418,872	2,833,451
		<u>2,527,913</u>	<u>2,942,492</u>
<b>Non-controlling interests</b>		<u>336,885</u>	<u>338,756</u>
<b>Total equity</b>		<u><b>2,864,798</b></u>	<u><b>3,281,248</b></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

*As at 31 December 2024*

	<b>As at 31 December</b>	
	<b>2024</b>	2023
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	<b>1,659,376</b>	1,968,535
Deferred government grants	<b>126,898</b>	132,010
Deferred income tax liabilities	<b>13,020</b>	5,869
Lease liabilities	<b>523</b>	3,695
Long-term payables	<b>28,149</b>	32,939
	<u><b>1,827,966</b></u>	<u>2,143,048</u>
<b>Current liabilities</b>		
Trade payables	<b>1,082,057</b>	707,959
Accruals and other payables	<b>513,452</b>	659,973
Contract liabilities	<b>960,491</b>	946,397
Current income tax liabilities	<b>35,418</b>	34,305
Borrowings	<b>5,652,858</b>	5,390,190
Lease liabilities	<b>3,174</b>	5,762
Dividends payable	<b>30,261</b>	20,000
	<u><b>8,277,711</b></u>	<u>7,764,586</u>
<b>Total liabilities</b>	<u><b>10,105,677</b></u>	<u>9,907,634</u>
<b>Total equity and liabilities</b>	<u><b>12,970,475</b></u>	<u>13,188,882</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to shareholders of the Company		Non- controlling interests	Total equity
	Share capital <i>RMB'000</i>	Reserves <i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Balance at 1 January 2024</b>	<b>109,041</b>	<b>2,833,451</b>	<b>338,756</b>	<b>3,281,248</b>
<b>Comprehensive income</b>				
Loss for the year	–	(414,579)	29,440	(385,139)
<b>Transactions with owners</b>				
Dividends	–	–	(31,311)	(31,311)
<b>Balance at 31 December 2024</b>	<b>109,041</b>	<b>2,418,872</b>	<b>336,885</b>	<b>2,864,798</b>
<b>Balance at 1 January 2023</b>	109,041	3,056,418	339,226	3,504,685
<b>Comprehensive income</b>				
Loss for the year	–	(219,068)	28,575	(190,493)
<b>Transactions with owners</b>				
Acquisition of non-controlling interest	–	(3,899)	(13,197)	(17,096)
Capital injection by non-controlling shareholders of subsidiaries	–	–	4,152	4,152
Dividends	–	–	(20,000)	(20,000)
<b>Total transactions with owners</b>	–	(3,899)	(29,045)	(32,944)
<b>Balance at 31 December 2023</b>	<b>109,041</b>	<b>2,833,451</b>	<b>338,756</b>	<b>3,281,248</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

*For the year ended 31 December 2024*

	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
Cash flows from operating activities	<b>439,462</b>	67,280
Cash flows from investing activities	<b>(432,333)</b>	(654,461)
Cash flows from financing activities	<b>(118,767)</b>	444,394
Net decrease in cash and cash equivalents	<b>(111,638)</b>	(142,787)
Cash and cash equivalents at beginning of year	<b>265,311</b>	406,856
Exchange gain on cash and cash equivalents	<b>218</b>	1,242
Cash and cash equivalents at end of year	<b>153,891</b>	265,311

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

## 1. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) as issued by the Hong Kong Institute of Certified Public Accountants and requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets and liabilities which are measured at fair value.

### Going concern

The Group’s loss increased from RMB190,493,000 for the year ended 31 December 2023 to RMB385,139,000 for the year end 31 December 2024, mainly due to the decrease of profit margin. The Group’s current liabilities exceeded its current assets by approximately RMB1,270,595,000 as at 31 December 2024, as compared to RMB562,329,000 as at 31 December 2023. The Group’s cash and cash equivalents decreased from RMB265,311,000 as at 31 December 2023 to RMB153,891,000 as at 31 December 2024. These financial conditions may cast significant doubt upon the Group’s ability to continue as a going concern.

The Group meets its day-to-day working capital requirements mainly through its operating cash flows and bank borrowings. In preparing the financial statements, the Directors of the Company have given a careful consideration to the projected needs for liquidity, operating results and the available financial sources of the Group in evaluating whether the Group will have sufficient financial resources to continue as a going concern. Management’s plan has included a number of measures to mitigate the liquidity pressure and to improve the financial position and operating results:

- (i) the Group will continue to make efforts to improve its operating results and cash flows, including but not limited to increasing sales volume, improving working capital turnover by enhancing inventory level management and trade receivables collection, and controlling operating expenditures;
- (ii) the Group will continue to maintain ongoing relationships with banks and other financial institutions to secure sufficient available bank credit quota, and manage financing from bank borrowings to pursue renewal or refinancing of existing bank borrowings upon maturity;
- (iii) The Group will continue to manage its capital expenditures in line with the available funding from operating and financing activities and sufficiency of liquidity.

Having considered the above and based on a cashflow forecast prepared by the Company, the Directors of the Company believe that the Group will have adequate liquidity to fulfill its financial obligations when fall due, and to continue operations for the foreseeable future of not less than twelve months from period end date of these financial statements. The Directors, therefore, are of the opinion that it is appropriate to adopt the going concern basis in preparing the Group’s consolidated financial statements.

## Changes in accounting policies and disclosures

### (a) *New and amended standards adopted by the Group*

A number of new or amended standards and interpretations became applicable for the current reporting period. The Group did not change its accounting policies or make retrospective adjustments as a result of adopting these standards.

		<b>Effective for annual periods beginning on or after</b>
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2024
HKAS 1 (Amendments)	Non-current liabilities with covenants	1 January 2024
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
HKFRS 16 (Amendments)	Lease liability in sale and leaseback	1 January 2024
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements	1 January 2024

### (b) *New standards, amended standards and interpretations not yet effective*

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for the year ended 31 December 2024 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions. These new standards and interpretations are:

		<b>Effective for annual periods beginning on or after</b>
HKAS 21 (Amendments)	Lack of Exchangeability	1 January 2025
HKFRS 9 and HKFRS 7 (Amendments)	Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Management is currently assessing the impact of applying these new standards and amendments on the Group's consolidated financial information. None of these is expected to have a significant effect on the consolidated financial information of the Group. The Group does not expect to adopt these new standards, amendments and interpretations until their effective dates.



## 2. Revenue

The Group's revenue from sales to external customers in different countries and regions is as follows:

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
– Mainland China	<b>44,970,767</b>	49,060,233
– Hong Kong and other overseas countries and regions <sup>(i)</sup>	<b>1,482,542</b>	1,499,830
Total revenue	<b>46,453,309</b>	50,560,063

- (i) Other overseas countries and regions mainly represented Australia, United States of America, South Korea, Japan, Europe, South America and Southeast Asia.

The Group's revenue from sales by segment products is as follows:

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Processing:		
Processing of metal materials	<b>43,686,749</b>	47,265,587
Components manufacturing	<b>1,310,956</b>	2,089,834
Manufacturing:		
High-end equipment manufacturing	<b>1,455,604</b>	1,204,642
	<b>46,453,309</b>	50,560,063

The segment results for the year ended 31 December 2024:

	<b>Processing</b> <i>RMB'000</i>	<b>Manufacturing</b> <i>RMB'000</i>	<b>Elimination</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
Sales to external customers	44,997,705	1,455,604	–	46,453,309
Intra-group sales	<u>645,070</u>	<u>107,285</u>	<u>(752,355)</u>	<u>–</u>
Segment revenue	45,642,775	1,562,889	(752,355)	46,453,309
Segment results	<u>(155,770)</u>	<u>(91,505)</u>	<u>(11,131)</u>	<u>(258,406)</u>
Other income				57,313
Other gain – net				4,406
Finance costs – net				<u>(241,841)</u>
Loss before income tax				(438,528)
Income tax credit				<u>53,389</u>
Loss for the year				<u><u>(385,139)</u></u>
Items included in profit and loss:				
Depreciation and amortization	<u>325,713</u>	<u>125,877</u>	<u>–</u>	<u>451,590</u>

The segment results for the year ended 31 December 2023:

	Processing <i>RMB'000</i>	Manufacturing <i>RMB'000</i>	Elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Sales to external customers	49,355,421	1,204,642	–	50,560,063
Intra-group sales	<u>605,800</u>	<u>131,691</u>	<u>(737,491)</u>	<u>–</u>
Segment revenue	49,961,221	1,336,333	(737,491)	50,560,063
Segment results	<u>60,160</u>	<u>(84,842)</u>	<u>(2,585)</u>	<u>(27,267)</u>
Other income				69,224
Other loss – net				(12,394)
Finance costs – net				<u>(237,845)</u>
Loss before income tax				(208,282)
Income tax credit				<u>17,789</u>
Loss for the year				<u><u>(190,493)</u></u>
Items included in profit and loss:				
Depreciation and amortization	<u>323,211</u>	<u>115,191</u>	<u>–</u>	<u>438,402</u>

### 3. Expenses by nature

Expenses included in cost of goods sold, distribution costs, administrative expenses were analysed as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Changes in inventories of finished goods	(42,540)	(84,413)
Raw materials consumed	44,411,966	48,311,029
Outsourced processing cost	129,290	132,630
Stamp duty, property tax and other surcharges	76,384	81,037
Transportation costs	283,446	278,251
Employee benefit expenses, including directors' emoluments	1,108,236	1,089,907
Depreciation and amortization		
– Depreciation of property, plant and equipment	426,963	413,925
– Depreciation of right-of-use assets	18,864	19,208
– Depreciation of investment properties	267	149
– Amortization of intangible assets	5,496	5,120
Operating lease rental for buildings and equipments	5,344	5,340
Utilities charges	88,311	85,252
Provision for write-down of inventories	17,854	43,668
Provision for impairment of trade receivables and contract assets	16,737	11,521
Auditors' remuneration		
– Audit services	2,610	3,100
– Non-audit services	199	169
Entertainment and travelling expenses	48,765	58,949
Bank charges	28,457	37,286
Others	85,066	95,202
	<u>46,711,715</u>	<u>50,587,330</u>

### 4. Other income

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Government subsidy income	18,722	32,642
Sales of scraps and packaging materials	15,497	16,223
Amortization of deferred government grants	12,908	12,590
Rental income from investment properties	1,286	1,331
Others	8,900	6,438
	<u>57,313</u>	<u>69,224</u>

**5. Other gain/(loss) – net**

	<b>Year ended 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Losses on disposal of property, plant and equipment – net	<b>(707)</b>	(684)
Foreign exchange gain/(loss) – net	<b>9,854</b>	(8,286)
Others	<b>(4,741)</b>	(3,424)
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Other gain/(loss) – net	<b>4,406</b>	(12,394)
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**6. Finance costs – net**

	<b>Year ended 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Finance costs:		
Interest expenses on borrowings	<b>208,105</b>	205,435
Interest expenses on bank/commercial acceptance notes and letters of credit	<b>97,498</b>	90,390
Exchange loss – net	<b>250</b>	604
	<hr/>	<hr/>
	<b>305,853</b>	296,429
Less: amounts capitalised on qualifying assets	<b>(19,174)</b>	(22,058)
	<hr/>	<hr/>
Total finance costs	<b>286,679</b>	274,371
	<hr/>	<hr/>
Finance income:		
Interest income on bank deposits	<b>(44,838)</b>	(36,526)
	<hr/>	<hr/>
Finance costs – net	<b>241,841</b>	237,845
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## 7. Income tax credit

The amount of income tax charged to the consolidated statement of comprehensive income represents:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Current income tax		
– Mainland China corporate income tax	23,832	32,211
Deferred income tax	<u>(77,221)</u>	<u>(50,000)</u>
	<u><b>(53,389)</b></u>	<u><b>(17,789)</b></u>

The Company was incorporated in the 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.

Subsidiaries incorporated in Hong Kong are subject to income tax at the prevailing rates of 16.5% (2023: 16.5%). 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. All of the subsidiaries of the Group in Mainland China, except for Intercity Logistics, Steel Union Logistics and Daming Heavy Industry, are subject to corporate income tax rate of 25% (2023: 25%) for the year 2024.

As small low-profit enterprises, the annual taxable income of Intercity Logistics and Steel Union Logistics did not exceed RMB1 million, their corporate income tax shall be computed at 25% of the entities’ annual taxable income multiplied by corporate income tax rate of 20%.

Daming Heavy Industry has been accredited as a High New Tech Enterprise since 2020. According to the CIT Law for High New Tech Enterprises, it is subject to a reduced corporate income tax rate of 15% (2023: 15%) for the year ended 31 December 2024. The qualification of High New Tech Enterprises is subject to renewal for each three years interval. In 2023, Daming Heavy Industry has renewed its qualification of High New Tech Enterprises.

## 8. Earnings per share

### (a) Basic

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

	Year ended 31 December	
	2024	2023
Loss attributable to shareholders of the Company (RMB'000)	<u>(414,579)</u>	<u>(219,068)</u>
Weighted average number of ordinary shares in issue (thousands)	<u>1,274,528</u>	<u>1,274,528</u>
Basic loss per share (RMB per share)	<u>(0.33)</u>	<u>(0.17)</u>

### (b) Diluted

As the Group incurred losses for the year ended 31 December 2024 and 2023, the potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the year ended 31 December 2024 and 2023 is the same as basic loss per share for the year.

## 9. Dividends

The directors did not recommend payment of an interim or final dividend in respect of the year ended 31 December 2024 (2023: nil).

No dividend was paid in the year ended 31 December 2024 (2023: nil).

## 10. Trade receivables and contract assets

	As at 31 December 2024			As at 31 December 2023		
	Current <i>RMB'000</i>	Non-current <i>RMB'000</i>	Total <i>RMB'000</i>	Current <i>RMB'000</i>	Non-current <i>RMB'000</i>	Total <i>RMB'000</i>
Contract assets	6,316	5,671	11,987	37,392	14,085	51,477
Accounts receivable	448,919	–	448,919	444,204	–	444,204
Notes receivable						
– bank acceptance notes	–	–	–	5,000	–	5,000
	<u>455,235</u>	<u>5,671</u>	<u>460,906</u>	<u>486,596</u>	<u>14,085</u>	<u>500,681</u>
Less: provision for impairment	(40,697)	(20)	(40,717)	(24,004)	(207)	(24,211)
	<u>414,538</u>	<u>5,651</u>	<u>420,189</u>	<u>462,592</u>	<u>13,878</u>	<u>476,470</u>

The carrying amounts of trade receivables and contract assets approximated their fair value as at the balance sheet date.

As at 31 December 2024, none of bank acceptance notes were pledged as security for notes payable (2023: RMB5,000,000).

Majority of the Group's sales are made on (i) cash on delivery, (ii) receipt of bank or commercial acceptance, and (iii) credit terms within 180 days. As at 31 December 2024, the aging analysis of trade receivables based on the date of relevant invoices was as follows:

	As at 31 December	
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables		
– within 30 days	243,995	243,898
– 30 days to 3 months	119,878	74,754
– 3 months to 6 months	22,595	43,183
– 6 months to 1 year	15,293	53,250
– 1 year to 2 years	31,648	15,700
– over 2 years	15,510	13,419
	<u>448,919</u>	<u>444,204</u>
Notes receivable		
– 3 months to 6 months	–	5,000
	<u>448,919</u>	<u>449,204</u>

## 11. Trade payables

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Accounts payable	707,299	647,959
Notes payable	374,758	60,000
	<u>1,082,057</u>	<u>707,959</u>

The notes payable as at 31 December 2024 of RMB374,758,000 was secured by restricted bank deposits of approximately RMB149,472,000 (2023: The notes payable as at 31 December 2023 of RMB60,000,000 was secured by restricted bank deposits of approximately RMB30,000,000).

The aging analysis of trade payables based on the date of relevant invoices was as follows:

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Within 6 months	972,012	688,721
6 months to 1 year	106,862	12,951
1 year to 2 years	2,883	6,184
More than 2 years	300	103
	<u>1,082,057</u>	<u>707,959</u>



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

We are a leading provider of metal materials and components processing and high-end equipment manufacturing services. Through our ten processing centres and one manufacturing base in China, we provide professional and customised metal materials processing and components and equipment manufacturing services to over 70,000 customers across various industries. The products of our high-end equipment manufacturing segment mainly include large-scale structural parts and containers, as well as precision sheet metal parts.

As a professional metal solutions provider, the Company facilitates the connection between upstream metal manufacturers and downstream end-user enterprises. Metal materials with different specifications and models are provided by the upstream manufacturers, from which the Company purchases metal materials in bulk. The Company also carries out high-precision and customised material processing (in terms of size, shape, surface processing, etc.) and the manufacturing and sale of various components and high-end equipment in line with customers' needs. Upholding the "customer-centric" philosophy, the Company is committed to offering our downstream customers cost-effective and high-quality materials and manufacturing services together with fast delivery.

Thanks to our extensive experience in equipment and technology, the Company processes the capacity to provide a complete range of processing and manufacturing services for the manufacturing industry. Our services cover the entire manufacturing process, including trimming, polishing, cutting, forming, pre-grooving, welding, heat treating, machinery, painting and assembling. By leveraging a variety of automated processing equipment and one-stop professional processing and manufacturing services, the Company saves time, manpower, and costs for our downstream customers, and reduces their need for capital investment. This enables them to significantly reduce their investment in equipment that requires high utilisation rates to achieve cost-effectiveness, thus saving on overall manufacturing costs. This industry dynamic and business model have created a niche market for metal processing and manufacturing service providers.

The market for metal materials is tremendous which provides the Company with a solid market base for its metal materials and components processing services and high-end equipment manufacturing business. In the meantime, the decentralised end-market demand has largely mitigated the impact of the cyclicity of different end-markets on the Company's performance and hence contributed to the stable growth of the Company's results. Moreover, capitalising on our extensive customer base and increasing customer reliance, the Company has established long-term and secure relationships with our upstream suppliers. Together with its diversified metal processing and product manufacturing capabilities, flexible processing scheduling, solid inventory management, reliable and just-in-time delivery, adjustable requirements for minimum order scale and outperforming quality control, the Company has managed to maintain our results and performance as an industry leader.

The Company strives to improve our profitability through continuous improvements in customer service, operational efficiency, technological innovation, inventory management and the adoption of higher standards of processing and manufacturing services. In recent years, since our existing and potential customers demand higher standards of metal processing and manufacturing services, the Company has boosted its investment in advanced processing equipment and technology to further enhance its processing and manufacturing service capacity, which also helps to raise the price of its products. The Company has also improved its operational efficiency through measures such as the intelligent transformation of certain equipment and optimisation of logistics services. In addition, the Company has invested in key regions to expand its production capacity, further heightening its regional competitiveness and contributing to the implementation of its overall growth strategy.

### **Business highlights**

**1. *The Condenser Equipment Manufactured By Daming Heavy Industry For A World-Renowned Engineering Company Was Successfully Shipped To Spain***

The condenser equipment of Daming Heavy Industry Process Equipment Branch, which serves the world-renowned engineering company, has been successfully completed and will be shipped to Spain, which demonstrates Daming's excellent competitiveness in the field of condenser manufacturing.

**2. *Daming Heavy Industry Chemical Equipment Export Project Shipment***

The projects for producing methanol by natural gas undertaken by Daming Heavy Industry for world-renowned enterprise was shipped at the Daming Yangtze River Terminal.

**3. *The Global Large-scale Mining Projects Served By Daming Heavy Industry Was Successfully Shipped***

The large-scale thickener project of Metso's South American customer, which Daming Heavy Industry successfully serviced, was shipped at the Yangtze River Terminal.

**4. *Daming Heavy Industry Helped Australian Mining Project Set Sail***

Daming Heavy Industry successfully shipped a batch of 19m thickener pool body and bridge frame parts to Australia, which became another successful case of serving foreign mining projects.

## **Strategic Cooperation**

### **1. *Shagang Group And Da Ming International Investment Intention Signing***

On 15 October 2024, Da Ming International and Shagang Group signed an investment intention agreement. It marks that both parties will expand the scope and depth of cooperation at the level of production, marketing, research and supply chain, and at the same time, they will also work together to realize close cooperation at the capital level through multiple platforms, which will better strengthen the supply chain, boost cooperation to a new level, realize synergistic development, and work together to provide better services for the downstream.

### **2. *Da Ming International Gathered In Chongqing To Sign A Tripartite Joint Venture Cooperation Memorandum For Steel Fabrication***

On 11 December 2024, Da Ming International, Chongqing Iron & Steel and Changshou District Government signed a memorandum of understanding on a tripartite joint venture for steel fabrication in Chongqing. The joint establishment of a processing base in Chongqing by the three parties will surely bring the advantages of deepening cooperation, optimizing the governance structure and improving competitiveness, and will further improve Daming's service network, facilitating the provision of high-quality and efficient services to customers in the southwest region.

### **3. *Daming Heavy Industry Signs A Tripartite Strategic Cooperation Agreement With CRRC And Anemoi Marine***

In December 2024, Daming Heavy Industry signed a tripartite strategic cooperation agreement with CRRC Qishuyan Locomotive & Rolling Stock Technology Research Institute and Anemoi Marine Technology. Daming Heavy Industry will work with the two companies through the combination of strength, complementary advantages, hand in hand, synergistic development, and jointly build the future clean energy market segment - flettner rotors products the strongest supply system combination.

### **4. *Daming Yangtze River Terminal In Commission Officially***

The opening ceremony of Daming Yangtze River Terminal was held in Daming Jingjiang Manufacturing Base, as another milestone event in Daming's history of 36-year development, which is of great significance in enhancing the capability of Daming's high-end manufacturing integrated services, realising the business overseas, and achieving leapfrog development.

## **Operating results**

The Group recorded a net loss of approximately RMB385.1 million for the year ended 31 December 2024 representing an increase of approximately 102.2% as compared with the net loss of approximately RMB190.5 million for the year ended 31 December 2023.

The annual sales volume of our stainless steel processing business increased from approximately 2,043,000 tonnes for the year ended 31 December 2023 to approximately 2,057,000 tonnes for the year ended 31 December 2024 representing an increase of approximately 0.7% while the processing volume decreased from approximately 3,242,000 tonnes for the year ended 31 December 2023 to approximately 3,180,000 tonnes for the year ended 31 December 2024 representing a decrease of approximately 1.9%.

The annual sales volume of our carbon steel processing business increased from approximately 4,855,000 tonnes for the year ended 31 December 2023 to approximately 5,059,000 tonnes for the year ended 31 December 2024 representing an increase of approximately 4.2% while the annual processing volume decreased from approximately 4,863,000 tonnes for the year ended 31 December 2023 to approximately 4,785,000 tonnes for the year ended 31 December 2024 representing a decrease of approximately 1.6%.

## **FUTURE DEVELOPMENT**

In the coming year, we will continue to enrich and improve our service network, enhance our processing service capabilities through investment in advanced automation equipment, and further improve production efficiency through digitisation and intelligent transformation of existing production equipment. We will also continue to strengthen our strategic cooperation with upstream steel manufacturers and downstream industry-leading customers, and collaborate on resource supply, material application technology, key project development and services in related industries, information technology, and supply chain services to jointly explore markets and achieve mutual benefits. The Company will also initiate the deployment of its overseas service network to further support the expansion of our overseas business, which is expected to continue to grow in revenue. It is also expected that the Company's stainless steel processing services will continue to generate stable income, and our carbon steel processing business will also continue to demonstrate excellent development potential. With the expansion of our in-depth processing business for stainless steel and carbon steel and the diversification of major engineering projects, the Company's component and high-end manufacturing businesses will also continue to grow.

## FINANCIAL REVIEW AND ANALYSIS

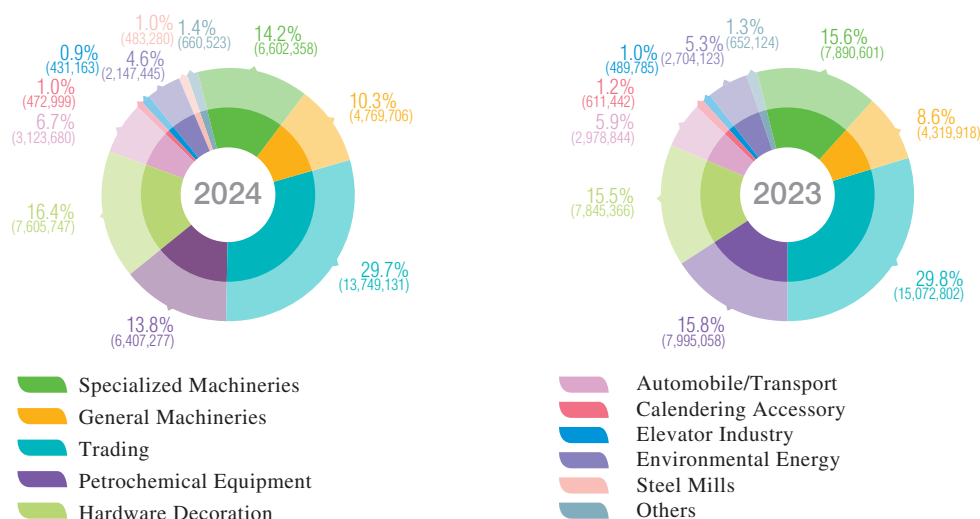
During the year under review, we recorded a revenue of approximately RMB46,453 million, gross profit of approximately RMB686 million and the loss attributable to shareholders of the Company of approximately RMB415 million. Total assets of the Group as at 31 December 2024 amounted to approximately RMB12,970 million while equity attributable to shareholders of the Company amounted to approximately RMB2,528 million.

### Analysis of revenue by key industry segments

During the years ended 31 December 2024 and 2023, our revenue by key industry segments are shown below:

Industry	Revenue			
	For the year ended 31 December 2024		2023	
	RMB'000	%	RMB'000	%
Specialized Machineries	6,602,358	14.2	7,890,601	15.6
General Machineries	4,769,706	10.3	4,319,918	8.6
Trading	13,749,131	29.7	15,072,802	29.8
Petrochemical Equipment	6,407,277	13.8	7,995,058	15.8
Hardware Decoration	7,605,747	16.4	7,845,366	15.5
Automobile/Transport	3,123,680	6.7	2,978,844	5.9
Calendering Accessory	472,999	1.0	611,442	1.2
Elevator Industry	431,163	0.9	489,785	1.0
Environmental Energy	2,147,445	4.6	2,704,123	5.3
Steel Mills	483,280	1.0	–	–
Others	660,523	1.4	652,124	1.3
<b>Total</b>	<b>46,453,309</b>	<b>100.0</b>	<b>50,560,063</b>	<b>100.0</b>

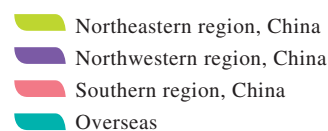
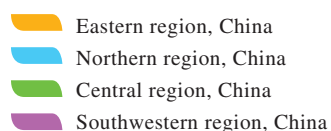
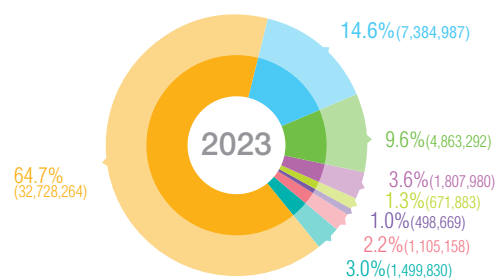
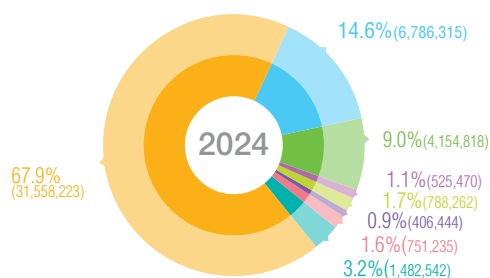
RMB'000



## Analysis of revenue by geographic regions

Region	Revenue			
	2024		2023	
	RMB'000	%	RMB'000	%
Eastern region, China	31,558,223	67.9	32,728,264	64.7
Northern region, China	6,786,315	14.6	7,384,987	14.6
Central region, China	4,154,818	9.0	4,863,292	9.6
Southwestern region, China	525,470	1.1	1,807,980	3.6
Northeastern region, China	788,262	1.7	671,883	1.3
Northwestern region, China	406,444	0.9	498,669	1.0
Southern region, China	751,235	1.6	1,105,158	2.2
Overseas	1,482,542	3.2	1,499,830	3.0
	<b>46,453,309</b>	<b>100.0</b>	<b>50,560,063</b>	<b>100.0</b>

RMB'000



## **Revenue**

Our revenue for the year ended 31 December 2024 amounted to approximately RMB46,453 million comprising approximately RMB43,687 million from processing of metal materials, approximately RMB1,455 million from high-end equipment manufacturing and approximately RMB1,311 million from components manufacturing. As compared with the revenue for the year ended 31 December 2023 of approximately RMB50,560 million, it represented a decrease of approximately 8.1%. Such decrease was mainly due to the decrease in the average market price of metal materials in 2024.

## **Gross profit**

Gross profit decreased from approximately RMB921.5 million in 2023 to approximately RMB685.7 million in 2024 mainly due to the decrease in revenue during the year.

## **Other income**

Other income decreased from approximately RMB69.2 million for the year ended 31 December 2023 to approximately RMB57.3 million for the year ended 31 December 2024. Such decrease was mainly due to the decrease in government subsidy income.

## **Other gain/(loss) – net**

The Group recorded a net other gain of approximately RMB4.4 million for the year ended 31 December 2024 as compared to a net other loss of approximately RMB12.4 million for the year ended 31 December 2023. The net other gain was mainly due to the increase in foreign exchange gain.

## **Distribution costs**

Distribution costs increased from approximately RMB493.3 million for the year ended 31 December 2023 to approximately RMB506.4 million for the year ended 31 December 2024. Such increase was mainly due to the increase in transportation costs.

## **Administrative expenses**

Administrative expenses decreased from approximately RMB455.5 million for the year ended 31 December 2023 to approximately RMB437.7 million for the year ended 31 December 2024. Such decrease was mainly due to the decrease in stamp duty, property tax and other surcharges.

## **Finance costs – net**

Net finance costs increased slightly from approximately RMB237.8 million for the year ended 31 December 2023 to approximately RMB241.8 million for the year ended 31 December 2024.



### **Income tax credit**

The Group recorded an income tax credit of approximately RMB53.4 million for the year ended 31 December 2024 as compared with an income tax credit of approximately RMB17.8 million for the year ended 31 December 2023 representing an increase of approximately 200.1% mainly due to the increase in tax losses that can be recognized as deferred tax assets during the year.

### **Loss for the year**

The Group recorded a loss of approximately RMB385.1 million for the year ended 31 December 2024 as compared with a loss of approximately RMB190.5 million for the year ended 31 December 2023 representing an increase of approximately 102.2%.

### **Capital Expenditure**

Capital expenditure consisted of additions of property, plant and equipment which amounted to approximately RMB349.0 million (2023: RMB602.0 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 and contract assets, deposits and other receivables, restricted bank deposits, cash and cash equivalents, trade payables, other payables and borrowings denominated in foreign currencies, mainly United States Dollar, Euro, Hong Kong Dollar and Japanese Yen, which are exposed to foreign currency translation risk.

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 2024, the borrowings of the Group amounted to approximately RMB7,312.2 million of which approximately RMB5,652.9 million were repayable within one year, notes payables amounted to approximately RMB374.8 million while the bank balances were approximately RMB1,645.4 million of which approximately RMB1,491.5 million were restricted mainly for the issuance of notes payable and letters of credit.

As at 31 December 2024, the Group recorded a net current liabilities of approximately RMB1,270.6 million. 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 ratio as at 31 December 2024 and 2023 calculated on this basis were 71.42% and 68.37% respectively.



## **HUMAN RESOURCES**

The Group employed a total of 6,738 staffs as at 31 December 2024 (2023: 7,231), of which 4,993 were production and technical personnel, representing 74.1%; 1,114 were sales personnel, representing 16.5%; and 631 were management and financial officer, representing 9.4%. There was a decline of approximately 6.8% in our workforce in 2024 as compared with 2023 mainly due to employee optimisation and staff turnover. 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 share option scheme and share award scheme for its employees, providing incentives and rewards to eligible participants with reference to their contribution.

## **DIVIDEND**

The directors did not declare any payment of an interim dividend (2023: Nil) during the year.

The Board does not recommend the payment of a final dividend (2023: Nil) for the year ended 31 December 2024.

## **CORPORATE GOVERNANCE**

The Company is committed to ensuring high standards of corporate governance in enhancing shareholders' value and safeguarding interests of shareholders and other stakeholders.

The Company has complied with the Corporate Governance Code (the "CG Code") set out in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year ended 31 December 2024. The Company adopted the CG Code as its own code of corporate governance.

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

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

## **ANNUAL GENERAL MEETING**

The annual general meeting of the Company will be held on Tuesday, 10 June 2025 (the "AGM"). A notice convening the AGM will be published and dispatched to 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 Thursday, 5 June 2025 to Tuesday, 10 June 2025, both days inclusive. During the aforementioned period, no request 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 Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Wednesday, 4 June 2025 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 2024 and considered that the Company has complied with all applicable accounting standards and requirements.

## **SCOPE OF WORK OF PRICEWATERHOUSECOOPERS**

The financial figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2024 have been agreed by the auditors of the Company, 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 the preliminary announcement.

## **PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE WEBSITE**

This announcement is published on the websites of the Company ([www.dmssc.net](http://www.dmssc.net)) and The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)). The annual report of the Company for the year ended 31 December 2024 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, 28 March 2025

*As at the date of this announcement, the executive directors are Mr. Zhou Keming (Chairman), Ms. Xu Xia, Mr. Zou Xiaoping, Mr. Zhang Feng, Mr. Liang Zongren and Mr. Chen Ning; the non-executive directors are Mr. Lu Jian and Mr. Lu Gang; and the independent non-executive directors are Mr. Cheuk Wa Pang, Mr. Hu Xuefa, Prof. Chen Xin and Mr. Wang Liuqi.*