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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)

PROPOSED ACQUISITION OF 5% EQUITY INTEREST IN HANGZHOU DAMING WANZHOU METAL TECHNOLOGY CO., LTD. THROUGH PUBLIC TENDER

PROPOSED ACQUISITION

The Board announces that on 19 September 2023, the Purchaser, an indirect wholly-owned subsidiary of the Company, paid the deposit in respect of a bid for the proposed acquisition of the Sale Equity, representing 5% of the equity interest in the Target Company, through public tender at the Shanghai United Assets and Equity Exchange. The bid has become irrevocable upon payment of the deposit. The successful bidder will be required to enter into an asset transaction agreement with the Vendor in respect of the Proposed Acquisition. The Base Price of the Sale Equity is RMB17,097,604.

LISTING RULES IMPLICATION

As at the date of this announcement, (i) the Vendor is a wholly-owned subsidiary of China Baowu; and (ii) China Baowu indirectly held approximately 16.28% of the total number of issued Shares and hence is a substantial shareholder of the Company. As such, the Vendor is an associate of China Baowu and therefore a connected person of the Company under Chapter 14A of the Listing Rules.

Adopting the Base Price as the basis for calculation, one or more of the applicable percentage ratios in respect of the Proposed Acquisition exceed 0.1% but all of which are less than 5%. Accordingly, the Proposed Acquisition (if materialized) at the Base Price will not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules but will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the Proposed Acquisition may or may not proceed, the Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

INTRODUCTION

The Board announces that on 19 September 2023, the Purchaser paid the deposit in respect of a bid for the proposed acquisition of the Sale Equity, representing 5% of the equity interest in the Target Company, through public tender at the Shanghai United Assets and Equity Exchange. The bid has become irrevocable upon payment of the deposit. The successful bidder will be required to enter into an asset transaction agreement with the Vendor in respect of the Proposed Acquisition.

MAJOR TERMS OF THE PROPOSED ACQUISITION

The Public Tender

The Purchaser will undergo the process of public tender at the Shanghai United Assets and Equity Exchange. Prospective bidders are subject to the qualification requirement as stipulated by the Shanghai United Assets and Equity Exchange and are required to pay a deposit of RMB5,000,000 to the Shanghai United Assets and Equity Exchange within the time it stipulated.

Date and Procedures of the Public Tender

The Public Tender Announcement was published on the website of the Shanghai United Assets and Equity Exchange on 1 September 2023.

Publication period of the Proposed Acquisition is 14 calendar days from the date of the Public Tender Announcement. During such publication period, prospective bidders may indicate their intention to purchase the Sale Equity and register themselves as interested bidders, and the Purchaser has done so on 2 September 2023. The successful bidder will be required to enter into an asset transaction agreement with the Vendor.

As at the date of this announcement, material information and all the terms of such asset transaction agreement including the final consideration, payment, delivery and transfer time have not been determined. The Purchaser will enter into the asset transaction agreement upon confirmation of becoming the successful bidder and may make further announcement as and when required in accordance with the Listing Rules. As at the date of this announcement, no asset transaction agreement has been entered into between the Purchaser and any party in relation to the Proposed Acquisition.

Consideration

The Base Price of the Sale Equity is RMB17,097,604, which was determined with reference to 80% of the valuation of the Sale Equity by an independent valuer in the amount of RMB21,372,005 as at 30 June 2022 based on the asset-based valuation approach.

If the Purchaser becomes the successful bidder, the final consideration for the Proposed Acquisition shall equal to the bid price submitted by the Purchaser. The Purchaser will be required to pay the final consideration for the Proposed Acquisition less the deposit previously paid to the Shanghai United Assets and Equity Exchange to an account designated by the Shanghai United Assets and Equity Exchange within 5 working days after the date of the relevant asset transaction agreement. Upon the issue of property transaction certificate and within 3 working days after the request of the Vendor, the Shanghai United Assets and Equity Exchange will pay the final consideration to an account designated by the Vendor. The consideration will be funded by the internal resources of the Group.

REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION

As at the date of this announcement, the Target Company is a non-wholly owned subsidiary of the Company. By exercising its pre-emptive right in relation to the Sale Equity, the Proposed Acquisition will allow the Group to gain full control over the management and operations of the Target Company, which the Board believes will place the Group in a favourable position in respect of its business in processing, distribution and sale of stainless steel and carbon steel products in the Hangzhou area of the PRC.

The Directors (including the independent non-executive Directors) are of the view that, although the Proposed Acquisition is not in the ordinary and usual course of business of the Group, the major terms and conditions of the Proposed Acquisition are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Save and except for Mr. Lu Jian and Mr. Zhu Baomin who are directors and/or employees of certain subsidiaries of China Baowu and are materially interested in the Proposed Acquisition and therefore had abstained from voting on the board resolutions approving the Proposed Acquisition, the Directors confirm that none of the other Directors had a material interest in the Proposed Acquisition.

GENERAL INFORMATION

The Group

The Company is a company incorporated in the Cayman Islands with limited liability. The Purchaser, which is a company established under the laws of the PRC with limited liability, is an indirect wholly-owned subsidiary of the Company.

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

The Target Company

The Target Company is a company established in the PRC with limited liability and is principally engaged in the processing, distribution and sale of stainless steel and carbon steel products. As at the date of this announcement, the Target Company is owned as to (i) 47% by the Purchaser, an indirect wholly-owned subsidiary of the Company; (ii) 48% by Fortune Express Industrial Limited, an indirect wholly-owned subsidiary of the Company; and (iii) 5% by the Vendor.

The audited financial information of the Target Company for the two years ended 31 December 2022 is set out below:

	For the year ended	
	31 December	
	2021	2022
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
	(audited)	(audited)
Profit/(Loss) before tax	56,536	(54,615)
Profit/(Loss) after tax	42,580	(38,809)

As at 31 December 2022, the audited net asset value of the Target Company is approximately RMB305 million.

As at the date of this announcement, (i) the Company indirectly held an aggregate of 95% of the equity interest in the Target Company; (ii) the Target Company is a non-wholly owned subsidiary of the Company; and (iii) the financial results of the Target Company are consolidated into the financial statements of the Company. Upon completion of the Proposed Acquisition, the Target Company will become a wholly-owned subsidiary of the Company and its financial results will continue to be consolidated into the financial statements of the Company.

The original acquisition cost in respect of the Sale Equity incurred by the Vendor was approximately RMB11,170,000.

The Vendor

The Vendor is a company established in the PRC with limited liability. As at the date of this announcement, the Vendor, which a wholly-owned subsidiary of China Baowu, is principally engaged in steel manufacturing and distribution.

China Baowu and its subsidiaries are principally engaged in the operation of state-owned assets as authorised by the State Council of the PRC. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the ultimate beneficial owner of China Baowu is the State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

LISTING RULES IMPLICATIONS

As at the date of this announcement, (i) the Vendor is a wholly-owned subsidiary of China Baowu; and (ii) China Baowu indirectly held approximately 16.28% of the total number of issued Shares and hence is a substantial shareholder of the Company. As such, the Vendor is an associate of China Baowu and therefore a connected person of the Company under Chapter 14A of the Listing Rules.

Adopting the Base Price as the basis for calculation, one or more of the applicable percentage ratios in respect of the Proposed Acquisition exceed 0.1% but all of which are less than 5%. Accordingly, the Proposed Acquisition (if materialized) at the Base Price will not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules but will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

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DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Base Price”	the base price of the Proposed Acquisition
“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

“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“Proposed Acquisition”	the proposed acquisition of the Sale Equity by the Company through public tender
“Public Tender Announcement”	the public tender announcement published on the website of the Shanghai United Assets and Equity Exchange on 1 September 2023 setting out, including but not limited to, (i) the Base Price; and (ii) major terms of the tender in respect of the Proposed Acquisition;
“Purchaser”	江蘇大明工業科技集團有限公司 (Jiangsu Daming Industrial Technology Group Co., Ltd.*), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Sale Equity”	5% equity interest in the Target Company held by the Vendor
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	杭州大明萬洲金屬科技有限公司 (Hangzhou Daming Wanzhou Metal Technology Co., Ltd.*), a company established under the laws of the PRC with limited liability
“Vendor”	上海寶鋼不銹鋼有限公司 (Shanghai Baosteel Stainless Steel Co., Ltd*), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of China Baowu as at the date of this announcement

“working day(s)” working days in the PRC, except Saturdays, Sundays and statutory holidays in the PRC

“%” per cent.

* *For identification purpose only*

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

Hong Kong, 19 September 2023

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. Qian Li and Mr. Ni Chen; the non-executive Directors are Mr. Lu Jian and Mr. Zhu Baomin; and the independent non-executive Directors are Mr. Cheuk Wa Pang, Prof. Hua Min, Mr. Hu Xuefa and Prof. Chen Xin.