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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)

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

ACQUISITION

Reference is made to the Announcement in relation to the proposed acquisition of 5% equity interest in the Target Company through public tender at the Shanghai United Assets and Equity Exchange. As at the date of this announcement, the process of the public tender at the Shanghai United Assets and Equity Exchange Centre has been completed. The Purchaser was the successful bidder of the Sale Equity and the Final Bid Price was RMB17,097,604.

On 10 October 2023, the Purchaser, the Vendor and the Agency entered into the Agreement, pursuant to which the Purchaser has agreed to acquire, and the Vendor has agreed to dispose of, the Sale Equity at the consideration of RMB17,097,604, being the Final Bid Price.

LISTING RULES IMPLICATIONS

As at the date of this announcement, (i) China Baowu, being the Agency, indirectly held approximately 16.28% of the total number of issued Shares and hence is a substantial shareholder and a connected person of the Company; and (ii) the Vendor is a wholly-owned subsidiary of China Baowu. 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.

As one or more of the applicable percentage ratios in respect of the Acquisition exceeds 0.1% but all of which are less than 5%, the Acquisition constitutes a connected transaction of the Company and is subject to the reporting and announcement requirements but is exempt from circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE ACQUISITION

Introduction

Reference is made to the Announcement in relation to the proposed acquisition of 5% equity interest in the Target Company through public tender at the Shanghai United Assets and Equity Exchange. As at the date of this announcement, the process of the public tender at the Shanghai United Assets and Equity Exchange Centre has been completed. The Purchaser was the successful bidder of the Sale Equity and the Final Bid Price was RMB17,097,604.

On 10 October 2023, the Purchaser, the Vendor and the Agency entered into the Agreement, pursuant to which the Purchaser has agreed to acquire, and the Vendor has agreed to dispose of, the Sale Equity at the consideration of RMB17,097,604, being the Final Bid Price.

The Agreement

A summary of the principal terms of the Agreement is as follows:

Date

10 October 2023

Parties

- (a) The Purchaser;
- (b) the Vendor; and
- (c) the Agency.

Assets to be acquired

The Purchaser has agreed to acquire, and the Vendor has agreed to dispose of, 5% equity interest in the Target Company.

Consideration

The consideration is RMB17,097,604, being the Final Bid Price, and 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.

On 19 September 2023, the Purchaser had already paid a deposit of RMB5,000,000 to the Shanghai United Assets and Equity Exchange. Such deposit constitutes part payment of the consideration under the Agreement. The Purchaser shall pay to the Shanghai United Assets and Equity Exchange at its designated bank account the balance of the consideration amounting to RMB12,097,604 within five working days from the date of the Agreement. Upon the issue of the property transaction certificate and within three working days after the request of the Vendor, the Shanghai United Assets and Equity Exchange will pay the total consideration to an account designated by the Vendor. The consideration will be funded by the internal resources of the Group.

Effective date of the Agreement

Under the Agreement, save for any situation where it is required to be submitted to any regulatory authority for approval in accordance with the applicable laws and administrative regulations, the Agreement became effective on the date of execution or affixation of the seal by the Vendor and the Purchaser.

Completion of the Acquisition

The Agreement provides that the Vendor and the Purchaser shall (a) cooperate and complete the transfer of the ownership rights of the Sale Equity within 20 working days after the Agreement becomes effective; and (b) assist the Target Company to attend to the registration of change in relation to the ownership rights of the Sale Equity within 20 working days upon receipt of the property transaction certificate issued by the Shanghai United Assets and Equity Exchange.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As at the date of this announcement, the Target Company is a non-wholly owned subsidiary of the Company. As disclosed in the Announcement, by exercising its pre-emptive right in relation to the Sale Equity, the 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 Acquisition is not in the ordinary and usual course of business of the Group, the major terms and conditions of the 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 Acquisition and therefore had abstained from voting on the board resolutions approving the Acquisition, the Directors confirm that none of the other Directors had a material interest in the Acquisition.

INFORMATION ON 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 <i>(RMB'000)</i> (audited)	For the year ended 31 December 2022 <i>(RMB'000)</i> (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 was 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 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.

INFORMATION ON 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.

INFORMATION ON 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) China Baowu, being the Agency, indirectly held approximately 16.28% of the total number of issued Shares and hence is a substantial shareholder and a connected person of the Company; and (ii) the Vendor is a wholly-owned subsidiary of China Baowu. 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.

As one or more of the applicable percentage ratios in respect of the Acquisition exceeds 0.1% but all of which are less than 5%, the Acquisition constitutes a connected transaction of the Company and is subject to the reporting and announcement requirements but is exempt from circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the proposed acquisition of the Sale Equity by the Purchaser from the Vendor
“Agency”	China Baowu
“Agreement”	the asset transaction agreement dated 10 October 2023 and entered into between the Purchaser, the Vendor and the Agency in relation to the acquisition of Sale Equity
“Announcement”	the announcement of the Company dated 19 September 2023 in relation to the proposed acquisition of 5% equity interest in Hangzhou Daming Wanzhou Metal Technology Co., Ltd. through public tender
“associate”	shall have the same meaning as ascribed to it under the Listing Rules

“Board”	the board of Directors
“China Baowu”	China Baowu Steel Group Company Limited (中國寶武鋼鐵集團有限公司), a company incorporated in the PRC and a substantial shareholder of the Company as at the date of this announcement
“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)”	shall have the same meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Final Bid Price”	the final bid price for the Acquisition, being RMB17,097,604
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“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
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Equity”	5% equity interest in the Target Company held by the Vendor as at the date of this announcement
“Shareholder(s)”	Shareholder(s) 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, 10 October 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.