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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)

### **DISCLOSEABLE TRANSACTION FORMATION OF JOINT VENTURE**

#### **FORMATION OF JOINT VENTURE**

The Board is pleased to announce that on 19 March 2018, Jiangsu Daming and Fortune Express, both being wholly-owned subsidiaries of the Company, entered into the Joint Venture Agreement with Hanwa in respect of the formation of the Joint Venture in the PRC. Pursuant to the Joint Venture Agreement, Jiangsu Daming, Fortune Express and Hanwa will respectively hold 65%, 20% and 15% of the equity interests in the Joint Venture.

#### **LISTING RULES IMPLICATIONS**

As each of the applicable percentage ratios in respect of the formation of the Joint Venture under the Joint Venture Agreement exceeds 5% but is less than 25%, the formation of the Joint Venture under the Joint Venture Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

#### **INTRODUCTION**

The Board is pleased to announce that on 19 March, 2018, Jiangsu Daming and Fortune Express, both being wholly-owned subsidiaries of the Company, entered into the Joint Venture Agreement with Hanwa in respect of the formation of the Joint Venture in the PRC.

**THE JOINT VENTURE AGREEMENT**

The principal terms of the Joint Venture Agreement are summarised as follows:

**Date:** 19 March 2018

**Parties to the Joint Venture Agreement and their respective percentage of shareholding in the Joint Venture:**

- (1) Jiangsu Daming (65%)
- (2) Fortune Express (20%)
- (3) Hanwa (15%)

**Scope of business:** The Joint Venture will be primarily engaged in the processing and sales of stainless steel, carbon steel and steel alloy, research and development, manufacturing, processing and sales of mechanical and metal parts, as well as import and export of various commodities and technology.

**Total investment and registered capital:** The total investment in the Joint Venture will be USD120 million. The parties will invest a total of USD75 million which shall be the registered capital of the Joint Venture. The parties will contribute and pay the capital as follows:

- (1) 65% of the registered capital (RMB equivalence of USD48.75 million) will be contributed and paid by Jiangsu Daming;
- (2) 20% of the registered capital (USD15 million) will be contributed and paid by Fortune Express; and
- (3) 15% of the registered capital (USD11.25 million) will be contributed and paid by Hanwa

The capital contributions by Jiangsu Daming and Fortune Express will be funded by the internal resources of the Group.

**Board composition:** The board of directors of the Joint Venture will consist of four directors. Jiangsu Daming is entitled to nominate two directors, whilst each of Fortune Express and Hanwa is entitled to nominate one director. One director nominated by Jiangsu Daming will act as the chairman of the board of directors and the legal representative of the Joint Venture.

**Term of business of the Joint Venture:** 50 years. The date of incorporation of the Joint Venture shall be the date of issue of its business license.

**Restrictions on transfer of shares in the Joint Venture:** No party shall transfer all or any part of its shares in the Joint Venture to any third party without the prior written consent of the other parties and the approval of the relevant authorities.

If a party proposes to transfer any shares in the Joint Venture, it shall first offer to sell the relevant shares to the other parties who shall have a pre-emptive right to purchase such shares.

## **REASONS FOR AND BENEFITS OF THE JOINT VENTURE**

Through the formation of the Joint Venture, the Group will be able to collaborate with Hanwa to achieve technological and operational advancement, and to complement the strength of each another and share resources. It is intended that following its formation, the Joint Venture will set up a processing centre in Jiaying, Zhejiang province of the PRC for processing stainless steel, carbon steel and steel alloy. Pursuant to the Joint Venture Agreement, Hanwa shall, through the Joint Venture, assist Jiangsu Daming to promote its products to Japanese invested home electronic appliance, escalator, automobile manufacturers and expand Jiangsu Daming's market share in this regard.

The Directors are of the view that the Joint Venture Agreement has been entered into on normal commercial terms, and the terms of the Joint Venture Agreement and the transactions thereunder are fair and reasonable and in the interests of the Company and the shareholders as a whole.

## **INFORMATION ON THE PARTIES**

The Company is incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code 1090). It is principally engaged in the processing, distribution and sale of stainless steel and carbon steel products.

Jiangsu Daming, a wholly-owned subsidiary of the Company, is incorporated in the PRC with limited liability. Its principal activities are processing, distribution and sales of steel products in the PRC.

Fortune Express, a wholly-owned subsidiary of the Company, is incorporated in Hong Kong with limited liability. It is principally engaged in investment holding in Hong Kong.

Hanwa is a company incorporated in Japan, the shares of which are listed on the Tokyo Stock Exchange. It is principally engaged in steel business as well as metal and alloy, non-ferrous metal, food products, petroleum and chemical, lumber, machinery and other business.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Hanwa and its ultimate beneficial owners are independent third parties and are not connected with the Company or any of its connected persons.

## **LISTING RULES IMPLICATIONS**

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## **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 and traded on the main board of the Stock Exchange |
| “Director(s)”     | director(s) of the Company  |
| “Fortune Express” | Fortune Express Industrial Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company  |
| “Group”           | the Company and its subsidiaries  |
| “Hanwa”           | Hanwa Co., Ltd., a company incorporated in Japan  |
| “Hong Kong”       | the Hong Kong Special Administrative Region of the PRC  |
| “Jiangsu Daming”  | Jiangsu Daming Metal Products Co., Ltd. (江蘇大明金屬製品有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of the Company  |

|                           |  |
|---------------------------|--|
| “Joint Venture”           | the joint venture company to be incorporated in the PRC pursuant to the Joint Venture Agreement under the name of Zhejiang Daming Hanwa Metal Technology Co., Ltd (浙江大明阪和金屬科技有限公司) |
| “Joint Venture Agreement” | the Joint Venture Agreement dated 19 March 2018 entered into by Jiangsu Daming, Fortune Express and Hanwa  |
| “Listing Rules”           | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited   |
| “PRC”                     | the People’s Republic of China   |
| “RMB”                     | Renminbi, the lawful currency of the PRC   |
| “Stock Exchange”          | The Stock Exchange of Hong Kong Limited  |
| “USD”                     | United States dollars, the lawful currency of the United States of America   |
| “%”                       | per cent   |

The English names of the PRC entities referred to in this announcement are translations from their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese names shall prevail.

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

Hong Kong, 19 March 2018

*As at the date of this announcement, the executive Directors are Mr. Zhou Keming (Chairman and Chief Executive Officer), Ms. Xu Xia, Mr. Zou Xiaoping, Mr. Jiang Changhong, Mr. Tang Zhonghai, Dr. Fukui Tsutomu, Mr. Zhang Feng and Mr. Wang Jian; and the independent non-executive Directors are Mr. Chen Xuedong, Mr. Cheuk Wa Pang, Prof. Hua Min, Mr. Lu Daming and Mr. Liu Fuxing.*