

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.*



**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)

## **ANNOUNCEMENT**

### **(1) STRATEGIC COOPERATION AGREEMENT WITH BAOSTEEL STAINLESS STEEL**

**AND**

### **(2) CONDITIONAL SUBSCRIPTION OF NEW SHARES**

**Financial adviser and coordinator**



#### **STRATEGIC COOPERATION AGREEMENT**

The Board is pleased to announce that, on 26 June 2015 (after trading hours), the Company entered into the Strategic Cooperation Agreement with Baosteel Stainless Steel. According to the Strategic Cooperation Agreement, the Company and Baosteel Stainless Steel will strengthen their business cooperation in their business development and the sales and distribution, value-added services and research and development in respect of their products. The Strategic Cooperation Agreement will be for a term of 5 years from the date of the Strategic Cooperation Agreement and will serve as a framework for the long-term business development cooperation between the Company and Baosteel Stainless Steel. The Company (and/or any of its subsidiaries) and Baosteel Stainless Steel (and/or any of its subsidiaries) may further negotiate and enter into definitive agreements which set out the specific terms regarding the sales and purchase of products and the business cooperation between the Company and Baosteel Stainless Steel.

## **CONDITIONAL SUBSCRIPTION OF NEW SHARES**

As part of the strategic business cooperation between the Company and Baosteel Stainless Steel, on 26 June 2015 (after trading hours), the Company, Baosteel Stainless Steel and the Subscriber (as trustee for and on behalf of Baosteel Stainless Steel) entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to allot and issue and the Subscriber has conditionally agreed to, for and on behalf of and for the benefit of Baosteel Stainless Steel, subscribe for 103,750,000 new Shares at the total Subscription Price of approximately HK\$382.8 million (being HK\$3.69 for each Subscription Share). The Subscription Shares represent 10% of the existing issued share capital of the Company as at the date of this announcement and approximately 9.09% of the Company's enlarged issued share capital upon Completion.

The gross proceeds of the Subscription will be approximately HK\$382.8 million and the net proceeds will be approximately HK\$382.0 million after deducting relevant expenses incurred in relation to the Subscription.

Completion is conditional upon, among others, the Stock Exchange having granted approval for the listing of, and permission to deal in, the Subscription Shares.

The Company has engaged CCBI as the financial adviser and coordinator to the Company in respect of the Subscription.

**Completion is subject to the satisfaction of the Conditions Precedent below. There is no assurance that any of the Conditions Precedent will be satisfied or waived or that the Completion will take place. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.**

## **STRATEGIC COOPERATION AGREEMENT**

The Board is pleased to announce that, on 26 June 2015 (after trading hours), the Company entered into the Strategic Cooperation Agreement with Baosteel Stainless Steel. According to the Strategic Cooperation Agreement, the Company and Baosteel Stainless Steel will strengthen their business cooperation in their business development and the sales and distribution, processing services and research and development in respect of their products.

The Strategic Cooperation Agreement will be for a term of 5 years from the date of the Strategic Cooperation Agreement. The principal terms of the Strategic Cooperation Agreement is summarized as follows:

1. The Company and Baosteel Stainless Steel will conduct regular marketing and sales meetings to negotiate and coordinate with each other in respect of the quantities, specifications, pricing and market demand of their products, with a view to enter into monthly, quarterly or yearly sales contracts.

2. The Company will be one of Baosteel Stainless Steel's distribution channels for distributing Baosteel Stainless Steel's products. Subject to the policies and conditions of Baosteel Stainless Steel, the terms in respect of distribution of Baosteel Stainless Steel's products by the Company will be the same as those offered to other distributors of Baosteel Stainless Steel. In the course of the Company's sales and marketing activities, priority will be given by the Company to sell and promote Baosteel Stainless Steel's products.
3. The Company will procure and process Baosteel Stainless Steel's products and will sell such processed products to the end users instead of conducting direct sales of Baosteel Stainless Steel's products.
4. The Company and Baosteel Stainless Steel will consolidate their respective resources along the production chain to jointly develop new products based on end users' needs.
5. The Company and Baosteel Stainless Steel will endeavour to enhance cooperation with each other in particular with respect to carbon steel products such as carbon steel plates and high-strength steel products.
6. The Company and Baosteel Stainless Steel will endeavour to explore the possibility of using Ouyee E-commerce Platform (歐冶雲商服務平臺) to enhance the cooperation between the Company and Baosteel Stainless Steel through online and offline platforms.
7. The Company and Baosteel Stainless Steel will strengthen their cooperation in respect of shareholding.
8. Baosteel Stainless Steel will provide the Company with the relevant technical consultation, pre-sale guidance and after-sale services for Baosteel Stainless Steel's products, and assist the Company in monitoring the quality and technology development of Baosteel's new trial products.
9. The Company will leverage on its advantages in respect of processing, customer resources and service provision, to support the introduction of Baosteel Stainless Steel's products to the market.

The Strategic Cooperation Agreement will serve as a framework for the long-term business development cooperation between the Company and Baosteel Stainless Steel. The Company (and/or any of its subsidiaries) and Baosteel Stainless Steel (and/or any of its subsidiaries) may further negotiate and enter into definitive agreements which set out the specific terms regarding the sales and purchase of products and the business cooperation between the Company and Baosteel Stainless Steel. If any such definitive agreements entered into subsequently constitute notifiable transactions of the Company under Chapter 14 of the Listing Rules, the Company will disclose the same in accordance with relevant provisions of the Listing Rules.

## **CONDITIONAL SUBSCRIPTION OF NEW SHARES**

As part of the strategic business cooperation between the Company and Baosteel Stainless Steel, on 26 June 2015, the Company, Baosteel Stainless Steel and the Subscriber (as trustee for and on behalf of Baosteel Stainless Steel) entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to allot and issue and the Subscriber has conditionally agreed to, for and on behalf of and for the benefit of Baosteel Stainless Steel, subscribe for 103,750,000 new Shares at the total Subscription Price of approximately HK\$382.8 million (being HK\$3.69 for each Subscription Share). The Subscription Shares represent 10% of the existing issued share capital of the Company as at the date of this announcement and approximately 9.09% of the Company's enlarged issued share capital upon Completion. The aggregate nominal value of the Subscription Shares is HK\$10,375,000.

The Company has engaged CCBI as the financial adviser and coordinator to the Company in respect of the Subscription.

To the best of the Directors' knowledge, information and belief, the Subscriber acts as the trustee under a QDII trust for and on behalf of, and for the benefit of, Baosteel Stainless Steel in relation to the Subscription Agreement and the transactions contemplated thereunder; Baosteel Stainless Steel, the Subscriber and their respective ultimate beneficial owners are independent of the Company and are not connected persons of the Company; and none of Baosteel Stainless Steel and the Subscriber hold any Shares as at the date of this announcement.

### **The Subscription Agreement**

The principal terms of the Subscription Agreement are summarised below:

Date: 26 June 2015

Parties: (a) The Company;  
(b) Baosteel Stainless Steel; and  
(c) the Subscriber, as a trustee for and on behalf of Baosteel Stainless Steel under a QDII trust.

#### ***1. Subscription***

Subject to the terms and conditions of the Subscription Agreement, the Company will allot and issue to the Subscriber and the Subscriber will, for and on behalf of and for the benefit of Baosteel Stainless Steel, subscribe for 103,750,000 Subscription Shares representing (a) 10% of the existing issued share capital of the Company as at the date of this announcement; and (b) approximately 9.09% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares immediately after Completion.

## **2. *Ranking of the Subscription Shares***

The Subscription Shares, when issued and fully paid up, will rank *pari passu* among themselves and with all of the Shares in issue as at the Completion Date.

## **3. *Subscription Price***

The total Subscription Price payable by the Subscriber to the Company for the Subscription Shares will be approximately HK\$382.8 million (being HK\$3.69 per Subscription Share. The Subscription Price of HK\$3.69 per Subscription Share was arrived at after arm's length negotiation between the Company and Baosteel Stainless Steel with reference to the recent trading performance of the Shares.

The Subscription Price of HK\$3.69 per Subscription Share represents:

- (a) a discount of approximately 8.44% to the closing price of HK\$4.03 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and
- (b) a discount of approximately 9.11% to the average closing price of HK\$4.06 per Share as quoted on the Stock Exchange for the last five consecutive Trading Days up to and including the date of this announcement.
- (c) a discount of approximately 10.00% to the average closing price of HK\$4.10 per Share as quoted on the Stock Exchange for the last ten consecutive Trading Days up to and including the date of this announcement.

## **4. *Conditions precedent***

Completion will be subject to and conditional upon the following conditions:

- (a) the Listing Committee of the Stock Exchange having granted the listing approval for the listing of and permission to deal in the Subscription Shares and such approval not having been withdrawn or revoked prior to Completion;
- (b) all other necessary approvals and consents as may be required from any Government Authorities and/or other persons, or pursuant to applicable Law for the Subscription, this Agreement and the transactions contemplated hereunder having been obtained and not having been withdrawn or revoked prior to Completion;
- (c) no event, circumstance, effect, occurrence, change, development or state of affairs or any combination thereof having occurred which has material adverse effect on the business, operations, assets, liabilities (including contingent liabilities), business or financial condition, results or prospects of the Group as a whole, and no material impairment of the ability of the Company to perform its obligations under this Agreement, having occurred (except for (i) any change that generally affects the industries or markets in which the Group operates in; (ii) any change in the financial markets or general economic or political conditions; and (iii) any change in Law or any accounting principle applicable to the Group);

- (d) the Company's representations and warranties under the Subscription Agreement will be true, accurate and correct in all material respects as of the date of the Subscription Agreement and as of the date of Completion as though made at that time (except for representations and warranties that speak as of a specific date, which will be true and correct as of such specific date); and
- (e) the representations and warranties of Baosteel Stainless Steel and The Subscriber under the Subscription Agreement will be true, accurate and correct in all material respects as of the date of the Subscription Agreement and as of date of Completion as though made at that time (except for representations and warranties that speak as of a specific date, which will be true and correct as of such specific date),

(together, the “**Conditions Precedent**”)

At any time on or before the Long Stop Date:

- (i) the Company may, in its sole discretion, waive in whole or in part the Condition Precedent (e) above by written notice to the Subscriber (for itself and on behalf of Baosteel Stainless Steel) on such terms as the Company may decide; and
- (ii) The Subscriber may in its sole discretion, for itself and on behalf of Baosteel Stainless Steel, waive in whole or in part the Conditions Precedent (c) and/or (d) above by written notice to the Company on such terms as the Subscriber may decide for itself and on behalf of Baosteel Stainless Steel.

If any of the Conditions Precedent is not satisfied (or waived in accordance with the terms of the Subscription Agreement) on or before the Long Stop Date, the Subscription Agreement will automatically terminate and the parties thereto will cease to have any rights or liabilities under this Agreement, save and except in respect of any antecedent breach of this Agreement and other provisions of the Subscription Agreement which are stated therein to survive termination.

## **5. Completion**

Completion will take place at the date falling 5 Business Days after the date (not being later than the Long Stop Date) on which all the Conditions Precedent (other than the Conditions Precedent (c), (d) and (e) mentioned above, which will be satisfied upon Completion) are satisfied or waived in full in accordance with the Subscription Agreement, or such other date as the parties thereto may agree in writing.

## **General Mandate**

The Subscription Shares will be issued under the General Mandate granted to the Directors pursuant to an ordinary resolution of the shareholders of the Company passed at the annual general meeting on 2 June 2015 whereby the Directors have been duly authorised to allot and issue up to 207,500,000 new Shares, representing 20% of the total issued share capital of the Company as at 2 June 2015.

As at the date of this announcement, no new securities of the Company have been issued under the General Mandate since the General Mandate was granted and the maximum number of new Shares that could be issued by the Company under the General Mandate is 207,500,000 Shares. Therefore, the allotment and issue of the Subscription Shares are not subject to any additional Shareholders' approval.

## **Application for listing**

Application will be made by the Company to the Listing Committee of the Stock Exchange for granting approval for the listing of, and permission to deal in, the Subscription Shares.

## **Reasons for the Subscription and use of proceeds**

The gross proceeds of the Subscription will be approximately HK\$382.8 million and the net proceeds will be approximately HK\$382.0 million after deducting relevant expenses incurred in relation to the Subscription. The net proceeds are expected to be applied for the Daming Heavy Industry project in Jingjiang and as its general working capital.

The Group is principally engaged in processing, distribution and sale of stainless steel and carbon steel products, and Baosteel Stainless Steel is principally engaged in manufacturing of steel products including stainless steel rolls and plates, and other products made of alloy and carbon steel. Having considered, among other things, the comprehensive strategic business cooperation between the Company and Baosteel Stainless Steel including the long-term business cooperation under the Strategic Cooperation Agreement, the Directors are of the view that the terms of the Subscription Agreement are fair and reasonable and the transaction contemplated thereunder are in the interest of the Company and its Shareholders as a whole.

## **Capital-raising activities in the past 12 months**

The Company has not conducted any other fund raising exercises in the past 12 months immediately before the date of this announcement.



## Effect on the shareholding of the Company upon the Completion

Assuming there being no other changes in the issued share capital of the Company between the date of the Subscription Agreement and Completion, the effect of the Completion on the shareholding structure of the Company will be as follows:

	As at the date of this announcement		Immediately after Completion	
	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>
Substantial Shareholder				
Ally Good Group Limited <sup>(1)</sup>	737,559,000	71.09%	737,559,000	64.63%
Directors <sup>(2)</sup>				
Zou Xiaoping <sup>(3)</sup>	5,000,000	0.48%	5,000,000	0.44%
Zhang Feng <sup>(4)</sup>	1,240,000	0.12%	1,240,000	0.11%
Fukui Tsutomu <sup>(5)</sup>	916,000	0.09%	916,000	0.08%
Kang In Soo <sup>(6)</sup>	50,000	0.00%	50,000	0.00%
Public				
Baosteel	0	0%	103,750,000	9.09%
Other public shareholders	292,735,000	28.22%	292,735,000	25.65%
Total	<u>1,037,500,000</u>	<u>100%</u>	<u>1,141,250,000</u>	<u>100%</u>

### Notes:

- (1) As at the date of this announcement, Ally Good Group Limited is owned as to 77.2% by Mr. Zhou Keming and 22.8% by Ms. Xu Xia, both being Directors; and Mr. Zhou Keming is the spouse of Ms. Xu Xia, who is a Director.
- (2) Mr. Tang Zhonghai, a Director of the Company, did not hold any Shares as at the date of this announcement but he is entitled to (a) exercise the share options granted to him pursuant to the share option scheme of the Company in respect of 600,000 underlying Shares and to (b) receive 900,000 Shares awarded to him pursuant to the share award scheme of the Company.
- (3) These Shares are held by Ms. Li Jun, spouse of Mr. Zou Xiaoping, a Director of the Company.
- (4) In addition to the 1,240,000 Shares held by Mr. Zhang Feng as at the date of this announcement, he is also entitled to (a) exercise the share options granted to him pursuant to the share option scheme of the Company in respect of 400,000 underlying Shares and to (b) receive 360,000 Shares awarded to him pursuant to the share award scheme of the Company.



- (5) 866,000 Shares are held by Ms. Mizuho Fukui, spouse of Dr. Fukui Tsutomu, a Director of the Company. Dr. Fukui Tsutomu held 50,000 Shares as at the date of this announcement and he is entitled to exercise the share options granted to him pursuant to the share option scheme of the Company in respect of 500,000 underlying Shares.
- (6) In addition to the 50,000 Shares held by Mr. Kang In Soo as at the date of this announcement, he is also entitled to exercise the share options granted to him pursuant to the share option scheme of the Company in respect of 400,000 underlying Shares.

**Completion is subject to the satisfaction of the Conditions Precedent as set out above. There is no assurance that any of the Conditions Precedent will be satisfied or waived or that the Completion will take place. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.**

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following words and expressions will have the following meanings when used herein:

“Baosteel Stainless Steel”	寶鋼不銹鋼有限公司 (Baosteel Stainless Steel Co., Ltd.*), a company established in the PRC and one of the Group’s suppliers, but is not the Company’s connected person;
“Board”	the board of Directors;
“Business Day”	a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 5:00 p.m. and is not lowered at or before 5:00 p.m. or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 5:00 p.m. and is not discontinued at or before 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours;
“CCBI”	CCB International Capital Limited, a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance)
“Completion”	completion of the subscription of the Subscription Shares pursuant to the Subscription Agreement;

“Completion Date”	the date falling 5 Business Days after the date (not being later than the Long Stop Date) on which all the conditions precedent (other than the condition precedent, which will be satisfied upon Completion) are satisfied or waived in full in accordance with the Subscription Agreement, or such other date as the parties may agree in writing;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Directors”	the directors of the Company;
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the Company’s annual general meeting held on 2 June 2015 to allot, issue and deal in new Shares in accordance with the terms and conditions thereof;
“Governmental Authority”	any government in Hong Kong, the Cayman Islands, the PRC or elsewhere or political subdivision thereof, any department, agency or instrumentality of any government or political subdivision thereof; any court or arbitral tribunal; and the governing body of any securities exchange, including but not limited to the Stock Exchange;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Law”	any statute, rule, regulation, law or ordinance, or any judgment, decree or order;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as modified, supplemented or amended from time to time);
“Long Stop Date”	25 July 2015 or such other date agreed by the Company, Baosteel Stainless Steel and the Subscriber in writing;

“PRC or China”	the People’s Republic of China (which for the purpose of the Subscription Agreement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan);
“QDII”	Qualified Domestic Institutional Investor regulated by the China Banking Regulatory Commission;
“Shareholders”	the shareholders of the Company;
“Shares”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Strategic Cooperation Agreement”	the agreement dated 26 June 2015 entered into between the Company and Baosteel Stainless Steel in relation to the strategic business cooperation between the Company and Baosteel Stainless Steel;
“Subscriber”	華寶信託有限責任公司 (Hwabao Trust Co., Ltd.*), a company established in the PRC, acting as trustee on behalf of and for the benefit of Baosteel Stainless Steel under a QDII trust in respect of the Subscription Agreement and the transaction contemplated thereunder;
“Subscription”	the allotment and issuance by the Company and the subscription by the Subscriber (for and on behalf of and for the benefit of Baosteel Stainless Steel) of the Subscription Shares pursuant to the Subscription Agreement;
“Subscription Agreement”	the subscription agreement dated 26 June 2015 entered into between the Company, Baosteel Stainless Steel and the Subscriber in relation to the subscription of 103,750,000 new Shares;
“Subscription Price”	HK\$3.69 per Share;
“Subscription Shares”	103,750,000 new Shares;
“subsidiary”	has the meaning ascribed to it in Section 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);

“Trading Days” a day on which dealings in the Shares on the Stock Exchange take place; and

% 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 name will prevail.

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

Hong Kong, 26 June 2015

*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. Tang Zhonghai, Mr. Kang In Soo, Dr. Fukui Tsutomu and Mr. Zhang Feng; the non-executive Director is Mr. Jiang Changhong; and the independent non-executive Directors are Mr. Chen Xuedong, Mr. Cheuk Wa Pang, Prof. Hua Min and Mr. Lu Daming.*