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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 2015

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2015	2014	
	RMB'000	RMB'000	% change
Revenue	18,042,786	19,633,818	-8.1%
Gross profit	125,827	632,042	-80.1%
Total comprehensive (loss)/ income for the year	(250,365)	165,888	-250.9%

OPERATING HIGHLIGHTS

	Year ended 31 December		
	2015	2014	% change
Stainless steel			
Sales volume (tonnes)	1,394,479	1,236,953	+12.7%
Processing volume (tonnes)	2,093,176	1,792,346	+16.8%
Processing multiple (note)	1.50	1.45	
Carbon steel			
Sales volume (tonnes)	707,281	572,008	+23.6%
Processing volume (tonnes)	612,672	522,743	+17.2%
Processing multiple (note)	0.87	0.91	

Note: Processing multiple = Processing volume/Sales volume

FINAL RESULTS

The board of directors (the “Board”) of Da Ming International Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2015 together with comparative figures for the year ended 31 December 2014, as follows:

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

For the year ended 31 December 2015

		Year ended 31 December	
		2015	2014
	<i>Note</i>	RMB'000	RMB'000
Revenue	2	18,042,786	19,633,818
Cost of sales	3	(17,916,959)	(19,001,776)
Gross profit		125,827	632,042
Other income	4	29,738	22,814
Other expenses	3	(3,394)	(2,243)
Other gain – net	5	12,615	2,279
Distribution costs	3	(156,574)	(139,111)
Administrative expenses	3	(206,132)	(180,004)
Operating (loss)/profit		(197,920)	335,777
Finance income	6	12,588	17,461
Finance costs	6	(138,043)	(119,798)
Finance costs – net	6	(125,455)	(102,337)
(Loss)/Profit before income tax		(323,375)	233,440
Income tax credit/(expense)	7	73,010	(67,552)
(Loss)/Profit for the year		(250,365)	165,888
Total comprehensive (loss)/income for the year		(250,365)	165,888
Attributable to:			
Equity holders of the Company		(246,735)	165,807
Non-controlling interests		(3,630)	81
		(250,365)	165,888
(Loss)/Earnings per share for profit attributable to equity holders of the Company during the year (expressed in RMB per share)			
– Basic (loss)/earnings per share	8	(0.23)	0.16
– Diluted (loss)/earnings per share	8	(0.23)	0.16

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

		As at 31 December	
		2015	2014
	<i>Note</i>	RMB'000	RMB'000
ASSETS			
Non-current assets			
Land use rights		247,491	253,203
Property, plant and equipment		2,768,514	2,267,301
Investment properties		7,645	8,221
Intangible assets		2,272	2,461
Deferred income tax assets		104,987	24,096
Other non-current assets		53,814	22,231
		3,184,723	2,577,513
Current assets			
Inventories		1,257,126	1,508,457
Trade receivables	10	201,131	248,328
Prepayments, deposits and other receivables		558,333	695,070
Restricted bank deposits		357,611	636,158
Cash and cash equivalents		194,525	292,054
		2,568,726	3,380,067
Total assets		5,753,449	5,957,580
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		97,400	89,215
Reserves		1,704,146	1,681,085
		1,801,546	1,770,300
Non-controlling interests		232,324	235,954
Total equity		2,033,870	2,006,254

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 December 2015

		As at 31 December	
		2015	2014
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
LIABILITIES			
Non-current liabilities			
Borrowings		765,660	487,534
Deferred government grants		43,560	43,452
Deferred income tax liabilities		6,040	4,329
		<u>815,260</u>	<u>535,315</u>
Current liabilities			
Trade payables	11	1,391,792	1,543,748
Accruals, advances from customers and other current liabilities		507,022	381,237
Current income tax liabilities		3,308	33,505
Borrowings		999,472	1,454,796
Current portion of deferred government grants		2,725	2,725
		<u>2,904,319</u>	<u>3,416,011</u>
Total liabilities		<u>3,719,579</u>	<u>3,951,326</u>
Total equity and liabilities		<u>5,753,449</u>	<u>5,957,580</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Attributable to equity holders of the Company		Non-controlling interests	Total equity
	Share Capital	Reserves		
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2014	89,215	1,519,675	144,068	1,752,958
Comprehensive income				
Profit for the year	–	165,807	81	165,888
Total comprehensive income for the year ended 31 December 2014	–	165,807	81	165,888
Transactions with owners				
Employee share options scheme				
– value of employee services	–	975	–	975
Employee share award scheme				
– value of employee services	–	11,577	–	11,577
Capital injection by a non-controlling interest	–	–	80,000	80,000
Partial disposal of a subsidiary	–	(635)	11,805	11,170
Dividends	–	(16,314)	–	(16,314)
Total transactions with owners	–	(4,397)	91,805	87,408
Balance at 31 December 2014	<u>89,215</u>	<u>1,681,085</u>	<u>235,954</u>	<u>2,006,254</u>
Balance at 1 January 2015	89,215	1,681,085	235,954	2,006,254
Comprehensive income				
Loss for the year	–	(246,735)	(3,630)	(250,365)
Total comprehensive income for the year ended 31 December 2015	–	(246,735)	(3,630)	(250,365)
Transactions with owners				
Employee share options scheme				
– value of employee services	–	4,525	–	4,525
Employee share award scheme				
– value of employee services	–	12,823	–	12,823
Issue of shares	8,185	293,207	–	301,392
Shares held for Share Award Scheme	–	(24,389)	–	(24,389)
Dividends	–	(16,370)	–	(16,370)
Total transactions with owners	8,185	269,796	–	277,981
Balance at 31 December 2015	<u>97,400</u>	<u>1,704,146</u>	<u>232,324</u>	<u>2,033,870</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Cash flows from operating activities	(76,948)	618,147
Cash flows from investing activities	(620,403)	(499,014)
Cash flows from financing activities	596,658	98,304
Net (decrease)/increase in cash and cash equivalents	(100,693)	217,437
Cash and cash equivalents at beginning of year	292,054	74,528
Exchange gain on cash and cash equivalents	3,164	89
Cash and cash equivalents at end of year	194,525	292,054

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”). The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies.

Going concern

As at 31 December 2015, the Group’s current liabilities exceeded its current assets by approximately RMB335,593,000 (31 December 2014: RMB35,944,000). Total equity of the Group amounted to RMB2,033,870,000 and total liability amounted to RMB3,719,579,000. The Group meets its day-to-day working capital requirements mainly through its bank borrowings and facilities with banks in PRC that are refinanced and/or renewed every twelve months in preparing this financial statements, the directors of the Company have considered the Group’s available sources of funds as follows:

- The Group expected a satisfactory growth in the business in 2016;
- The available financing including PRC bank borrowings renewed during the next 12 months, the directors are confident that these bank financing could be renewed and/or extended for at least another twelve months upon renewal based on the Group’s past experience and good credit standing; and
- Other available sources of financing from banks and other financial institutions given the Group’s credit history and that most of the Group’s property, plant and equipment are free of pledge or restriction and would be available to secure further financing.

Having considered the above, the directors of the Company believe that the Group has adequate resources to continue operation for the foreseeable future of not less than 12 months from the approval 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 consolidated financial statements.

Changes in accounting policies and disclosures

(a) *New amendments of HKFRS adopted by the Group*

The following new amendments of *HKFRS* are mandatory for the first time for the financial year beginning on or after 1 January 2015.

HKFRS 2 (Amendments)	Share-based Payment
HKFRS 3 (Amendments)	Business Combinations
HKFRS 8 (Amendments)	Operating Segments
HKFRS 9 (Amendments)	Financial Instruments
HKFRS 13 (Amendments)	Fair Value Measurement
HKAS 16 (Amendments)	Property, Plant and Equipment
HKAS 19 (Amendments)	Employee Benefits
HKAS 24 (Amendments)	Related Party Disclosures
HKAS 37 (Amendments)	Provisions, Contingent Liabilities and Contingent Assets
HKAS 38 (Amendments)	Intangible Assets
HKAS 39 (Amendments)	Financial Instruments: Recognition and Measurement, on novation of derivatives
HKAS 40 (Amendments)	Investment property

The adoption of the above new amendments of HKFRS starting from 1 January 2015 did not have any significant impact on the consolidated financial statements.

(b) *New Hong Kong Companies Ordinance (Cap. 622)*

- In addition, the requirements of Part 9 “Accounts and Audit” of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

(c) *New standards and interpretations not yet adopted*

- Standards, amendments and interpretations to existing standards effective in 2015 but not relevant to the Group.

		Effective for annual periods beginning on or after
Amendment to HKAS 19	Defined benefits	1 July 2014
HKFRS 3	Business combinations	1 July 2014
HKAS 16	Property, plant and equipment	1 July 2014
HKAS 38	Intangible assets	1 July 2014
HKAS 40	Investment property	1 July 2014

- (d) The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning on 1 January 2015 and have not been early adopted:

		Effective for annual periods beginning on or after
Amendments to HKAS 1	Disclosure initiative	1 January 2016
Amendment to HKFRS 11	Joint arrangements	1 January 2016
Amendments to HKFRS 12	Disclosure of interests in other entities	1 January 2016
HKFRS 14	Regulatory deferral accounts	1 January 2016
Amendments to HKAS 16	Property, plant and equipment	1 January 2016
Amendment to HKAS 27	Consolidated and separate financial statements	1 January 2016
Amendments to HKAS 38	Intangible assets	1 January 2016
Amendments to HKAS 41	Agriculture	1 January 2016
HKFRS 9	Financial instruments	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2018
Amendments to HKFRS 10	Consolidated financial statements	1 January 2016
Amendments to HKAS 28	Investment in associates	1 January 2016

Apart from the above, the Hong Kong Institute of Certified Public Accountants has issued the annual improvements project which addresses several issues in the 2012-2014 reporting cycle, and includes changes to the following standards. The Group has not applied the following revised HKFRSs published in the annual improvements project.

		Effective for annual periods beginning on or after
HKFRS 5	Non-current assets held for sale and discontinued operations	1 January 2016
HKFRS 7	Financial instruments: Disclosures	1 January 2016
HKAS 19	Employee benefits	1 January 2016
HKAS 34	Interim financial reporting	1 January 2016

The Group intends to adopt these amendments, standards or interpretations no later than the respective effective dates. The Group is assessing the full impact of the above new standards, new interpretations and amendments to standards and interpretations, and doesn't expect any significant impact on the consolidated financial statements upon adoption.

2. REVENUE

	Year ended 31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Sales of goods	18,042,786	19,633,818

The chief operating decision-maker has been identified as the executive directors. The decision-maker reviews the Group's internal reporting in order to assess performance and allocate resources.

Based on these reports, the decision-maker has determined that single business segment information is presented as all of the Group's sales and operating profits are derived from the sales of stainless steel and carbon steel products, and all of the Group's productions and operating assets are located in Mainland China, which is considered as one segment with similar risks and returns.

The Group is domiciled in Mainland China. The revenue from external customers in the PRC accounted for more than 90% of the Group's total revenue.

During the year ended 31 December 2015, none of the customers of the Group from whom the revenue amounted to 10% or more of the Group's revenue (2014: None).

The result of its sales from external customers in different countries and regions was as follows:

	Year ended 31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
– Mainland China	17,536,122	19,065,548
– Hong Kong and other overseas countries and regions*	506,664	568,270
Total sales	18,042,786	19,633,818

* Other overseas countries and regions mainly represented Australia, United States of America, South Korea, Europe and Southeast Asia.

3. EXPENSES BY NATURE

Expenses included in cost of sales, distribution costs, administrative expenses and other expenses were analysed as follows:

	Year ended 31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Changes in inventories of finished goods	98,445	80,804
Raw materials consumed	17,505,299	18,681,532
Stamp duty, property tax and other surcharges	19,590	18,994
Transportation costs	94,448	82,261
Employee benefit expenses, including directors' emoluments	352,155	273,071
Depreciation and amortisation	97,871	80,967
Operating lease rental for buildings	4,279	2,029
Utilities charges	23,550	21,278
Provision/(Reversal of) for write-down of inventories	4,201	(2,798)
Auditors' remuneration – audit services	2,850	2,800
Provision/(Reversal of) for impairment of trade receivables	380	(267)
Entertainment and travelling expenses	26,321	32,433
Professional service expenses	2,080	1,204
Bank charges	8,294	9,214
Others	43,296	39,612
	18,283,059	19,323,134

4. OTHER INCOME

	Year ended 31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Sales of scraps and packaging materials	15,322	12,973
Subsidy income	7,394	2,815
Amortisation of deferred government grants	2,725	2,703
Rental income	500	500
Others	3,797	3,823
	29,738	22,814

5. OTHER GAIN – NET

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Gains/(Losses) on disposal of property, plant and equipment – net	10	(122)
Foreign exchange gain – net	13,127	4,146
Others	(522)	(1,745)
	<u>12,615</u>	<u>2,279</u>

6. FINANCE COSTS – NET

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Finance costs:		
Interest expenses on borrowings	104,292	85,344
Interest expenses on bank and commercial acceptance notes and letter of credit	52,757	48,321
Exchange loss/(gain) – net	2,817	(560)
	<u>159,866</u>	<u>133,105</u>
Less: amounts capitalised on qualifying assets	(21,823)	(13,307)
Total finance costs	138,043	119,798
Finance income:		
Interest income	(12,588)	(17,461)
Finance costs – net	<u>125,455</u>	<u>102,337</u>

7. INCOME TAX (CREDIT)/EXPENSE

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

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Current income tax		
– Mainland China corporate income tax	6,171	70,275
Deferred income tax credit	(79,181)	(2,723)
	<u>(73,010)</u>	<u>67,552</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%. 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.

Jiangsu Daming, Daming Precision Sheet, Jingjiang Daming Heavy Industry, Qianzhou Daming, Hubei Daming, Taiyuan Taigang Daming, Hangzhou Wanzhou, Wuhan Fortune, Tianjin Taigang Daming, Shenyang Daming, Allybest Trading, Zibo Daming, Daming Metal Technology and Daming Import & Export are subject to corporate income tax rate of 25% for the year 2015.

8. (LOSS)/EARNINGS PER SHARE

(a) Basic

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

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
(Loss)/Profit attributable to equity holders of the Company	<u>(246,735)</u>	<u>165,807</u>
Weighted average number of ordinary shares in issue (thousands)	<u>1,087,527</u>	<u>1,037,500</u>
Basic (loss)/earnings per share (RMB per share)	<u>(0.23)</u>	<u>0.16</u>

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares of the Company are share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2015 RMB'000	2014 RMB'000
Earnings		
(Loss)/Profit attributable to equity holders of the Company	(246,735)	165,807
Weighted average number of ordinary shares in issue (thousands)	1,087,527	1,037,500
Adjustments for Share option plan (thousands)	232	80
Weighted average number of ordinary shares for diluted earnings per share (thousands)	1,087,759	1,037,580
Diluted (loss)/earnings per share (RMB per share)	(0.23)	0.16

9. DIVIDENDS

	2015 RMB'000	2014 RMB'000
Proposed final dividend	–	16,370

The directors do not recommend payment of a final dividend in respect of the year ended 31 December 2015.

The dividends actually paid in 2015 and 2014 were RMB16,370,000 and RMB16,314,000 respectively based on the number of issued shares outstanding at relevant time.

10. TRADE RECEIVABLES

	As at 31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Accounts receivable	135,191	132,819
Notes receivable		
– bank acceptance notes	60,168	107,178
– commercial acceptance notes	6,572	9,203
	<u>201,931</u>	<u>249,200</u>
Less: provision for impairment	(800)	(872)
Trade receivables – net	<u><u>201,131</u></u>	<u><u>248,328</u></u>

The fair values of trade receivables approximate their carrying amounts.

As at 31 December 2015, bank acceptance notes of RMB37,800,000 were pledged as security for notes payable for the Group and accounts receivable of RMB35,000,000 were pledged as security for bank borrowings for the Group.

As at 31 December 2014, bank acceptance notes of RMB38,083,000 were pledged as security for letter of credit for the Group.

The majority of the Group's sales are made on (i) cash on delivery; (ii) bank or commercial acceptance notes with maturity within 6 months; and (iii) credit terms of 1-90 days. At 31 December 2015 and 2014, the aging analysis of trade receivables was as follows:

	As at 31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Accounts receivable		
– Within 30 days	112,845	118,660
– 30 days to 3 months	5,025	13,562
– 3 months to 6 months	17,189	58
– 6 months to 1 year	46	100
– 1 year to 2 years	86	21
– 2 years to 3 years	–	418
	<u>135,191</u>	<u>132,819</u>
Notes receivable		
– Within 6 months	66,740	116,381
	<u><u>201,931</u></u>	<u><u>249,200</u></u>

11. TRADE PAYABLES

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Accounts payable	378,312	226,328
Notes payable	1,013,480	1,317,420
	1,391,792	1,543,748

i) Notes payable of RMB475,940,000 (2014: RMB938,920,000) was secured by restricted bank deposits of approximately RMB207,654,000 (2014: RMB502,927,000).

ii) As at 31 December 2015, bank acceptance notes of RMB37,800,000 were pledged as security for notes payable for the Group.

As at 31 December 2014, bank acceptance notes of RMB38,083,000 were pledged as security for letter of credit for the Group.

iii) The Group discounted certain of its notes payable and letter of credit arisen from intragroup material transaction for the Group's financing needs. Such arrangement is for financing need of the Group. As a result, the associated cashflow is classified as financing cashflow.

The aging analysis of the trade payables was as follows:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Within 6 months	1,391,578	1,543,740
6 months to 1 year	206	8
1 year to 2 years	8	—
	1,391,792	1,543,748

Trade payables are denominated in the following currencies:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
RMB	1,368,219	1,525,421
USD	23,565	18,327
EUR	8	—
	1,391,792	1,543,748

The fair values of trade payables approximate their carrying amounts.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Business development

On 26 June 2015, the Group entered into the Strategic Cooperation Agreement with Baosteel Stainless Steel Co., Ltd. According to the Strategic Cooperation Agreement, the Group 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 is 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 Group and Baosteel Stainless Steel. As part of the strategic business cooperation between the Group and Baosteel Stainless Steel, Baosteel Stainless Steel subscribed for 103,750,000 new shares at the total subscription price of approximately HK\$382.8 million (being HK\$3.69 for each new share). The subscription of new shares by Baosteel Stainless Steel was completed on 8 July 2015 and Baosteel Stainless Steel beneficially interested in approximately 9.09% of the Company's enlarged issued share capital upon completion.

On 17 September 2015, the Group entered into a memorandum of cooperation ("Memorandum of Cooperation") with Mitsui & Co., Ltd. Pursuant to the Memorandum of Cooperation, the Company and Mitsui & Co., Ltd. shall cooperate in respect of business development, exchange of technical knowhow, project cooperation and exploration of joint venture feasibility, through collaborations with relevant manufacturers, business partners and customers. The term of the Memorandum of Cooperation is two years from 17 September 2015, subject to any extension as may be agreed by the Company and Mitsui & Co., Ltd. The Group expects that the entering into of the Memorandum of Cooperation will strengthen the Group's strategic alliance with Mitsui & Co., Ltd. and enhance the Group's business.

Daming Heavy Industry and Daming Metal Technology commenced their businesses on 28 November 2015. Being the major components of the Jingjiang processing centre, Daming Metal Technology mainly provides the processing services of carbon steel products while Daming Heavy Industry engages in the manufacturing of parts for machinery equipment, large structural parts and pressurized containers. The Jingjiang processing centre is an important investment for the Group and is expected to bring large business opportunities to the Group in the coming years.

Operating results

2015 was a difficult year for most enterprises engaged in the steel industry in China. The influence of the unfavourable macro-economic environment in the People's Republic of China and the continual decline in the market price of stainless steel and carbon steel raw materials throughout the year adversely affected the performance of the Group for the year ended 31 December 2015.

Despite the unfavourable economic environment, the Group maintained a growth in both the sales volume and processing volume in our stainless steel processing service and carbon steel processing service as well as the number of active customers in 2015.

The annual sales volume of our stainless steel processing business increased from approximately 1,237,000 tonnes for the year ended 31 December 2014 to approximately 1,394,000 tonnes for the year ended 31 December 2015 representing an increase of approximately 13% while the annual processing volume increased from approximately 1,792,000 tonnes for the year ended 31 December 2014 to approximately 2,093,000 tonnes for the year ended 31 December 2015 representing an increase of approximately 17%.

The annual sales volume of our carbon steel processing business increased from approximately 572,000 tonnes for the year ended 31 December 2014 to approximately 707,000 tonnes for the year ended 31 December 2015 representing an increase of approximately 24% while the annual processing volume increased from approximately 523,000 tonnes for the year ended 31 December 2014 to approximately 613,000 tonnes for the year ended 31 December 2015 representing an increase of approximately 17%.

FUTURE DEVELOPMENT

With the opening of the Jingjiang processing centre and the enhancement of the Taiyuan processing centre, we anticipate a rapid growth both in our sales volume and processing volume in the coming years. We shall also devote more resources in our deep processing services in order to provide a more comprehensive service to our customers.

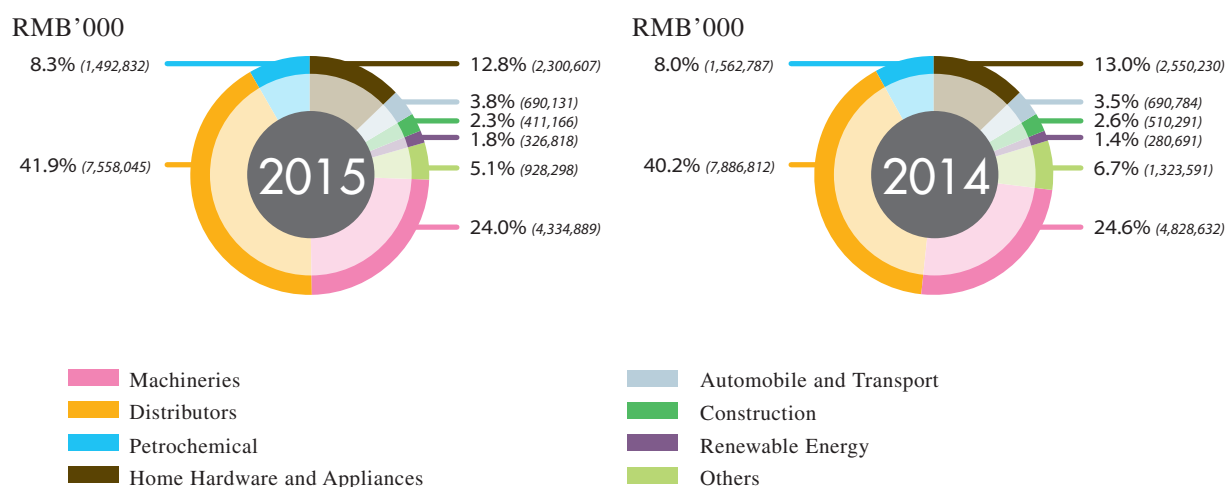
FINANCIAL REVIEW AND ANALYSIS

During the year under review, we recorded a revenue of approximately RMB18,043 million, gross profit of approximately RMB126 million and the loss attributable to equity holders of the Company of approximately RMB247 million. Total assets of the Group as at 31 December 2015 amounted to approximately RMB5,753 million while equity attributable to equity holders of the Company amounted to approximately RMB1,802 million.

Analysis of revenue by key industry segments

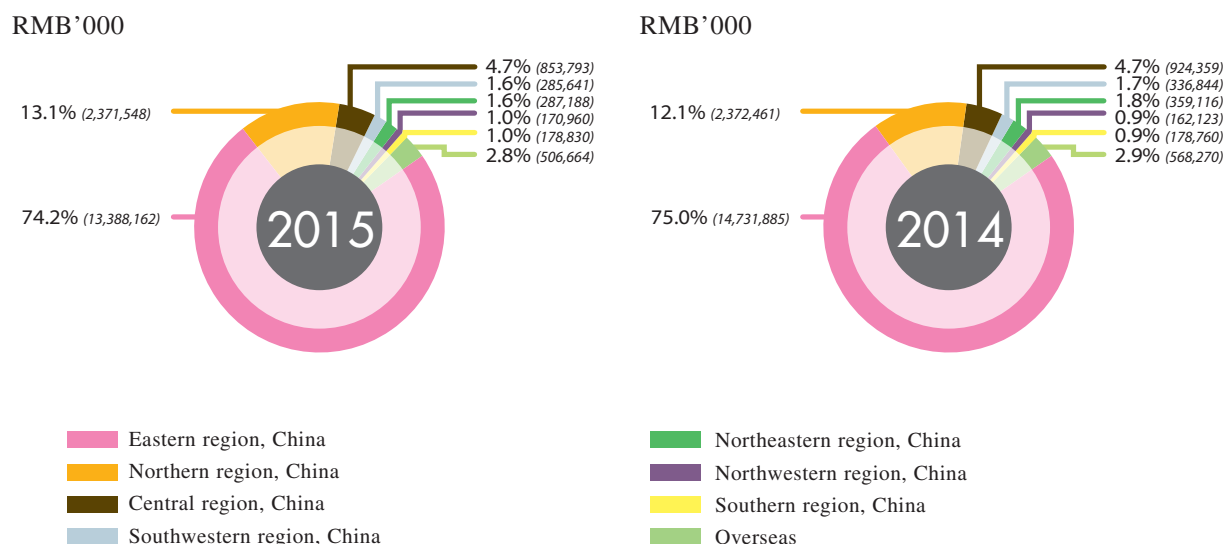
During the years ended 31 December 2015 and 2014, our revenue by key industry segments are shown below:

Industry	Revenue			
	For the year ended 31 December			
	2015		2014	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Machineries	4,334,889	24.0	4,828,632	24.6
Distributors	7,558,045	41.9	7,886,812	40.2
Petrochemical	1,492,832	8.3	1,562,787	8.0
Home Hardware and Appliances	2,300,607	12.8	2,550,230	13.0
Automobile and Transport	690,131	3.8	690,784	3.5
Construction	411,166	2.3	510,291	2.6
Renewable Energy	326,818	1.8	280,691	1.4
Others	928,298	5.1	1,323,591	6.7
Total	18,042,786	100.0	19,633,818	100.0



Analysis of revenue by geographic regions

Region	Revenue For the year ended 31 December			
	2015		2014	
	RMB'000	%	RMB'000	%
Eastern region, China	13,388,162	74.2	14,731,885	75.0
Northern region, China	2,371,548	13.1	2,372,461	12.1
Central region, China	853,793	4.7	924,359	4.7
Southwestern region, China	285,641	1.6	336,844	1.7
Northeastern region, China	287,188	1.6	359,116	1.8
Northwestern region, China	170,960	1.0	162,123	0.9
Southern region, China	178,830	1.0	178,760	0.9
Overseas	506,664	2.8	568,270	2.9
	18,042,786	100.0	19,633,818	100.0



Revenue

Our revenue for the year ended 31 December 2015 amounted to approximately RMB18,043 million comprising approximately RMB16,624 million from our stainless steel processing business and approximately RMB1,419 million from our carbon steel processing business. As compared with the revenue for the year ended 31 December 2014 of approximately RMB19,634 million, it represented a decrease of approximately 8.1%. Such decrease was mainly due to the decrease in the average market price of stainless steel and carbon steel raw materials. The decrease was partially offset by the following factors:

- The increase in the sales volume of our stainless steel processing business from 1,236,953 tonnes for the year ended 31 December 2014 to 1,394,479 tonnes for the year ended 31 December 2015 representing an increase of approximately 12.7%.

- ii) The increase in the sales volume of our carbon steel processing business from 572,008 tonnes for the year ended 31 December 2014 to 707,281 tonnes for the year ended 31 December 2015 representing an increase of approximately 23.6%.
- iii) The increase in processing fee income as reflected by the increase in the processing volume of our stainless steel processing business from 1,792,346 tonnes for the year ended 31 December 2014 to 2,093,176 tonnes for the year ended 31 December 2015 representing an increase of approximately 16.8%.
- iv) The increase in processing fee income as reflected by the increase in the processing volume of our carbon steel processing business from 522,743 tonnes for the year ended 31 December 2014 to 612,672 tonnes for the year ended 31 December 2015 representing an increase of approximately 17.2%.

Gross profit

Gross profit decreased from approximately RMB632.0 million in 2014 to approximately RMB125.8 million in 2015 mainly due to the decrease in the average market price of stainless steel and carbon steel raw materials.

Other income

Other income increased from approximately RMB22.8 million for the year ended 31 December 2014 to approximately RMB29.7 million for the year ended 31 December 2015 mainly due to the increase in sales of scraps and packaging materials as well as the increase in subsidy income.

Other gain – net

Other gain increased from approximately RMB2.3 million for the year ended 31 December 2014 to approximately RMB12.6 million for the year ended 31 December 2015. Such increase was mainly due to the increase in foreign exchange gain.

Distribution costs

Distribution costs increased from approximately RMB139.1 million for the year ended 31 December 2014 to approximately RMB156.6 million for the year ended 31 December 2015. Such increase was mainly due to the increase in transportation costs as a result of the increase in sales volume.

Administrative expenses

Administrative expenses increased from approximately RMB180.0 million for the year ended 31 December 2014 to approximately RMB206.1 million for the year ended 31 December 2015. Such increase was mainly due to the increase in staff costs and technical research expenses.

Finance costs – net

Finance costs increased from approximately RMB102.3 million for the year ended 31 December 2014 to approximately RMB125.5 million for the year ended 31 December 2015. The increase in finance costs was mainly due to the increase in interest expenses on borrowings.

Income tax credit/(expense)

The Group recorded an income tax credit of approximately RMB73.0 million for the year ended 31 December 2015 due to the loss incurred. Income tax expenses of approximately RMB67.6 million was recorded for the year ended 31 December 2014.

(Loss)/Profit for the year

The Group recorded a loss of approximately RMB250.4 million for the year ended 31 December 2015 as compared with a profit of approximately RMB165.9 million for the year ended 31 December 2014 representing a decrease of approximately 250.9%.

Capital Expenditure

In 2015, our capital expenditure consisted of additions of property, plant and equipment which amounted to approximately RMB593.9 million (2014: RMB525.8 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, 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 Group did not use any forward contract or other instruments to hedge its foreign currency exposure. 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 2015, the borrowings of the Group amounted to approximately RMB1,765.1 million of which approximately RMB999.5 million were repayable within one year, notes payables amounted to approximately RMB1,013.5 million while the bank balances were approximately RMB552.1 million of which approximately RMB357.6 million were restricted mainly for the issuance of notes payable and letter of credit.

As at 31 December 2015, the Group recorded a net current liabilities of approximately RMB335.6 million mainly due to the use of short term borrowings to finance the Group's capital expenditure in the current year. According to our experience, the Group will be able to extend the short term borrowings when due and will not cause any going concern issue. The Group will also review and monitor its financing structure in the coming year.

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 2015 and 2014 calculated on this basis were 43.57% and 45.13% respectively.

HUMAN RESOURCES

The Group employed a total of 3,235 staffs as at 31 December 2015 (2014: 2,670). There was a 21.16% growth in our workforce in 2015 as compared with 2014. The increase in headcounts was due to the business expansion of our Group. 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.

FINAL DIVIDEND

The Board do not recommend the payment of a final dividend for the year ended 31 December 2015 (2014: HKD0.02).

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 the Corporate Governance Code (the "CG Code") set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2015 except for the deviation from code provision A.2.1 which stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual. During the reporting period, the positions of the chairman and the chief executive officer were held by Mr. Zhou Keming. The Company adopted the CG Code as its own code of corporate governance.

Mr. Zhou is the founder of the Group and has extensive knowledge in the stainless steel industry. Having considered the current development of the Group and be responsive to the fast and myriad changes in the business environment, the Board believes that vesting the dual roles in the same person provides the Company with strong and consistent leadership in the development and execution of long term business strategies. In addition, there is a general manager in each of our Wuxi, Wuhan, Hangzhou, Tianjin and Taiyuan offices to assist the chief executive officer to manage the daily operations of the respective processing centres.

Furthermore, each business operating unit has one or more executive directors or senior officers responsible for implementing the policies and strategies set out by the Board in order to ensure the smooth day-to-day management of the Group.

With the above reasons, the Company is of the view that Mr. Zhou Keming, with his profound expertise in the stainless steel industry, shall continue his dual capacity as the chairman and chief executive of the Company. The Board would nevertheless review this arrangement from time to time in light of prevailing circumstances.

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

During the year ended 31 December 2015, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

ANNUAL GENERAL MEETING

The AGM of the Company will be held on Friday, 3 June 2016. A notice convening the AGM will be published and dispatched to the shareholders of the Company (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 Wednesday, 1 June 2016 to Friday, 3 June 2016, both days inclusive. During the aforementioned periods, 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, Hong Kong not later than 4:30 p.m. on Tuesday, 31 May 2016 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 2015 and considered that the Company has complied with all applicable accounting standards and requirements.

PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE WEBSITE

This announcement is published on the websites of the Company (www.dmssc.net) and The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2015 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, 24 March 2016

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, Dr. Fukui Tsutomu and Mr. Zhang Feng; the non-executive Directors are Mr. Jiang Changhong and Mr. Shen Dong; and the independent non-executive Directors are Mr. Chen Xuedong, Mr. Cheuk Wa Pang, Prof. Hua Min and Mr. Lu Daming.