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 2014

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2014	2013	
	RMB'000	*RMB'000*	% change
Revenue	**19,633,818**	15,121,182	+29.8%
Gross profit	**632,042**	441,366	+43.2%
Total comprehensive income for the year	**165,888**	97,982	+69.3%

OPERATING HIGHLIGHTS

	Year ended 31 December		
	2014	2013	% change
Stainless steel			
Sales volume (tonnes)	**1,236,953**	974,133	+27.0%
Processing volume (tonnes)	**1,792,346**	1,419,663	+26.3%
Processing multiple *(note 1)*	**1.45**	1.46	-0.7%
Carbon steel			
Sales volume (tonnes)	**572,008**	257,823	+121.9%
Processing volume (tonnes)	**522,743**	238,430	+119.2%
Processing multiple *(note 1)*	**0.91**	0.92	-1.1%

Notes: 1. Processing multiple = Processing volume/Sales volume

2. Carbon steel processing services commenced in March 2013

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 2014 together with comparative figures for the year ended 31 December 2013, as follows:

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

For the year ended 31 December 2014

		Year ended 31 December	
		2014	2013
	Notes	***RMB'000***	*RMB'000*
Revenue	2	**19,633,818**	15,121,182
Cost of sales	3	**(19,001,776)**	(14,679,816)
Gross profit		**632,042**	441,366
Other income	4	**22,814**	15,987
Other expenses	3	**(2,243)**	(1,421)
Other gain/(losses) – net	5	**2,279**	(2,498)
Distribution costs	3	**(139,111)**	(105,681)
Administrative expenses	3	**(180,004)**	(115,576)
Operating profit		**335,777**	232,177
Finance income	6	**17,461**	10,801
Finance costs	6	**(119,798)**	(102,642)
Finance costs – net	6	**(102,337)**	(91,841)
Profit before income tax		**233,440**	140,336
Income tax expense	7	**(67,552)**	(42,354)
Profit for the year		**165,888**	97,982
Total comprehensive income for the year		**165,888**	97,982
Attributable to:			
Equity holders of the Company		**165,807**	97,834
Non-controlling interests		**81**	148
		165,888	97,982
Earnings per share for profit attributable to equity holders of the Company during the year (expressed in RMB per share)			
– Basic earnings per share	8	**0.16**	0.09
– Diluted earnings per share	8	**0.16**	0.09
Dividends	9	**16,370**	16,314

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2014

		As at 31 December	
		2014	2013
	Note	***RMB'000***	*RMB'000*
ASSETS			
Non-current assets			
Land use rights		**253,203**	205,773
Property, plant and equipment		**2,267,301**	1,815,399
Investment properties		**8,221**	7,758
Intangible assets		**2,461**	2,202
Deferred income tax assets		**24,096**	18,739
Other non-current assets		**22,231**	75,149
		2,577,513	2,125,020
Current assets			
Inventories		**1,508,457**	1,525,969
Trade receivables	10	**248,328**	463,550
Prepayments, deposits and other receivables		**695,070**	581,425
Restricted bank deposits		**636,158**	458,992
Cash and cash equivalents		**292,054**	74,528
		3,380,067	3,104,464
Total assets		**5,957,580**	5,229,484
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		**89,215**	89,215
Reserves		**1,681,085**	1,519,675
		1,770,300	1,608,890
Non-controlling interests		**235,954**	144,068
Total equity		**2,006,254**	1,752,958

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
As at 31 December 2014

		As at 31 December	
		2014	2013
	Note	***RMB'000***	*RMB'000*
LIABILITIES			
Non-current liabilities			
Borrowings		**487,534**	346,150
Deferred government grants		**43,452**	25,140
Deferred income tax liabilities		**4,329**	2,606
		535,315	373,896
Current liabilities			
Trade payables	11	**1,543,748**	1,565,398
Accruals, advances from customers and other current liabilities		**381,237**	395,630
Current income tax liabilities		**33,505**	32,071
Borrowings		**1,454,796**	1,108,321
Current portion of deferred government grants		**2,725**	1,210
		3,416,011	3,102,630
Total liabilities		**3,951,326**	3,476,526
Total equity and liabilities		**5,957,580**	5,229,484
Net current (liabilities)/assets		**(35,944)**	1,834
Total assets less current liabilities		**2,541,569**	2,126,854

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	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 2013	89,215	1,428,836	143,920	1,661,971
Comprehensive income				
Profit for the year	–	97,834	148	97,982
Total comprehensive income for the year ended 31 December 2013	–	97,834	148	97,982
Transactions with owners				
Employee share option scheme				
– value of employee services	–	1,418	–	1,418
Dividends	–	(8,413)	–	(8,413)
Total transactions with owners	–	(6,995)	–	(6,995)
Balance at 31 December 2013	89,215	1,519,675	144,068	1,752,958
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 option 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	89,215	1,681,085	235,954	2,006,254

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	2014	2013
	RMB'000	*RMB'000*
Cash flows from operating activities	**618,147**	158,324
Cash flows from investing activities	**(499,014)**	(470,394)
Cash flows from financing activities	**98,304**	204,985
Net increase/(decrease) in cash and cash equivalents	**217,437**	(107,085)
Cash and cash equivalents at beginning of year	**74,528**	182,565
Exchange gain/(losses) on cash and cash equivalents	**89**	(952)
Cash and cash equivalents at end of year	**292,054**	74,528

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 consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

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

The Group meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty particularly over (a) the level of demand for the Group's products; and (b) the availability of bank finance for the foreseeable future. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2014:

- Amendments to HKFRS 10, 12 and HKAS 27 "Consolidation for investment entities" is effective for annual periods beginning on or after 1 January 2014. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. Changes have also been made HKFRS 12 to introduce disclosures that an investment entity needs to make.

- HK(IFRIC) 21 'Levies' is effective for annual periods beginning on or after 1 January 2014. This is an interpretation of HKAS 37, 'Provisions, contingent liabilities and contingent assets'. HKAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

- Amendment to HKAS 32 ‘Financial instruments: Presentation’ on asset and liability offsetting is effective for annual periods beginning on or after 1 January 2014. These amendments are to the application guidance in HKAS 32, ‘Financial instruments: Presentation’, and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.

- Amendment to HKAS 36, ‘Impairment of assets’ on recoverable amount disclosures is effective for annual periods beginning on or after 1 January 2014. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

- Amendment to HKAS 39 ‘Financial Instruments: Recognition and Measurement’ on Novation of derivatives is effective for annual periods beginning on or after 1 January 2014. This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria.

- Annual improvements 2012 include changes from the 2010-2012 cycle of the annual improvements project, that affect 7 standards, only the below are effective for relevant transactions on or after 1 July 2014:

  HKFRS 2 ‘Share-based payment’ amendment to HKFRS 2 clarifies the definition of a ‘vesting condition’ and separately defines ‘performance condition’ and ‘service condition’. It is not expected to have any significant impact on the Group’s financial statements.

  HKFRS 3 ‘Business combinations’, HKFRS 9 ‘Financial instruments’, HKAS 37 ‘Provisions, contingent liabilities and contingent assets’, and HKAS 39 ‘Financial instruments – Recognition and measurement’, amendments to HKFRS 3, HKFRS 9, HKAS 37 and HKAS 39 clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in HKAS 32 ‘Financial instruments: Presentation’. All non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss. It is not expected to have any significant impact on the Group’s financial statements.

  In addition, the requirements of Part 9 “Accounts and Audit” of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company’s first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

The adoption of the above standards have no significant impact on the Group’s consolidated financial statements.

(b) *New and amended standards have been issued but are not effective for the financial year beginning 1 January 2014 and have not been early adopted*

A number of new standards and amendments to standards and interpretations are not effective for annual periods beginning after 1 January 2014, and have not been early adopted in preparing these consolidated financial statements. The Group is yet to assess the full compact of the amendments and standards and intents to adopt the amendments no later than the respective effective dates of the amendments. The new standards and amendments to standards and interpretations are set out below:

- Amendment to HKAS 19 regarding defined benefit plans, effective for annual periods beginning on or after 1 July 2014.

- Annual improvements 2012 that affect following standards: HKFRS 8 'Operating segments', HKAS 16 'Property, plant and equipment', HKAS 38 'Intangible assets' and HKAS 24 'Related Party Disclosures', effective for annual periods beginning on or after 1 July 2014.

- Annual improvements 2013 that affect following standards: HKFRS 3 'Business combinations', HKFRS 13 'Fair value measurement' and HKAS 40 'Investment property', effective for annual periods beginning on or after 1 July 2014.

- HKFRS 14 'Regulatory Deferral Accounts', effective for annual periods beginning on or after 1 January 2016.

- Amendments to HKFRS 11 on accounting for acquisitions of interests in joint operations, effective for annual periods beginning on or after 1 January 2016.

- Amendments to HKAS 16 and HKAS 38 on clarification of acceptable methods of depreciation and amortisation, effective for annual periods beginning on or after 1 January 2016.

- Amendments to HKAS 16 and HKAS 41 on Agriculture: bearer plants, effective for annual periods beginning on or after 1 January 2016.

- Amendments to HKFRS 10 and HKAS 28 on sale or contribution of assets between an investor and its associate or joint venture, effective for annual periods beginning on or after 1 January 2016.

- Amendment to HKAS 27 on separate financial statements regarding equity method, effective for annual periods beginning on or after 1 January 2016.

- Annual improvements 2014 that affect following standards: HKFRS 5 'Non-current assets held for sale and discontinued operations', HKFRS 7 'Financial instruments: Disclosures', HKAS 19 'Employee benefits' and HKAS 34 'Interim financial reporting', effective for annual periods beginning on or after 1 January 2016.

- Amendments to HKAS 1 on presentation of financial statements, effective for annual periods beginning on or after 1 January 2016.

- Amendments to HKFRS 10, HKFRS 12 and HKAS 28 on investment entities, effective annual periods beginning on or after 1 January 2016.

- HKFRS 15 'Revenue from Contracts with Customers', effective for annual periods beginning on or after 1 January 2017.

- HKFRS 9 'Financial Instruments', effective for annual periods beginning on or after 1 January 2018.

There are no other HKFRSs or HK(IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

The Group is assessing the full impact of the amendments and standards, and according to the preliminary assessment, there is no significant impact on the consolidated financial statements. The Group intends to adopt the amendments no later than the respective effective dates of the amendments.

2. REVENUE

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Sales of goods	**19,633,818**	15,121,182

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 2014, none of the customers of the Group from whom the revenue amounted to 10% or more of the Group's revenue (2013: None).

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

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
– Mainland China	**19,065,548**	14,690,717
– Hong Kong and other overseas countries and regions*	**568,270**	430,465
Total sales	**19,633,818**	15,121,182

* 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	
	2014	2013
	RMB'000	*RMB'000*
Changes in inventories of finished goods	**80,804**	57,225
Raw materials consumed	**18,681,532**	14,392,487
Stamp duty, property tax and other surcharges	**18,994**	10,277
Transportation costs	**82,261**	71,297
Employee benefit expenses, including directors' emoluments	**273,071**	182,309
Depreciation and amortisation	**80,967**	83,301
Operating lease rental for buildings	**2,029**	1,937
Utilities charges	**21,278**	16,263
(Reversal of)/Provision for write-down of inventories	**(2,798)**	21,977
Auditors' remuneration	**2,800**	2,800
(Reversal of)/Provision for impairment of trade receivables	**(267)**	982
Entertainment and travelling expenses	**32,433**	27,203
Professional service expenses	**1,204**	858
Bank charges	**9,214**	7,235
Others	**39,612**	26,343
	19,323,134	14,902,494

4. OTHER INCOME

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Sales of scraps and packaging materials	**12,973**	9,414
Subsidy income	**2,815**	3,247
Amortisation of deferred government grants	**2,703**	1,153
Rental income	**500**	500
Compensation funds from government for relocation	**–**	1,673
Others	**3,823**	–
	22,814	15,987

5. OTHER GAIN/(LOSSES) – NET

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
(Losses)/Gains on disposal of property, plant and equipment – net	**(122)**	13
Foreign exchange gain/(losses) – net	**4,146**	(4,066)
Others	**(1,745)**	1,555
	2,279	(2,498)

6. FINANCE COSTS – NET

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Finance costs:		
Interest expenses on bank borrowings	**85,344**	84,677
Interest expenses on bank acceptance notes	**48,321**	28,999
Exchange gain – net	**(560)**	(7,642)
	133,105	106,034
Less: amounts capitalised on qualifying assets	**(13,307)**	(3,392)
Total finance costs	**119,798**	102,642
Finance income:		
Interest income	**(17,461)**	(10,801)
Finance costs – net	**102,337**	91,841

7. INCOME TAX EXPENSE

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

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Current income tax		
– Mainland China corporate income tax	**70,275**	48,550
Deferred income tax	**(2,723)**	(6,196)
	67,552	42,354

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 2014.

8. 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.

	2014	2013
	RMB'000	*RMB'000*
Profit attributable to equity holders of the Company	**165,807**	97,834
Weighted average number of ordinary shares in issue (thousands)	**1,037,500**	1,037,500
Basic earnings per share	**0.16**	0.09

(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.

	2014	2013
	RMB'000	*RMB'000*
Earnings		
Profit used to determine diluted earnings per share	**165,807**	97,834
Weighted average number of ordinary shares in issue (thousands)	**1,037,500**	1,037,500
Adjustments for:		
– Share options (thousands)	**80**	–
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**1,037,580**	1,037,500
Diluted earnings per share	**0.16**	0.09

9. DIVIDENDS

	2014	2013
	RMB'000	*RMB'000*
Proposed final dividend of HKD0.02 (2013: HKD0.02) per ordinary share	**16,370**	16,314

On 25 March 2015, the Company's Board of Directors has recommended payment of a final dividend of HKD0.02 per share, which is subject to the approval by the Company's shareholders at the upcoming Annual General Meeting. The proposed dividend has not been reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained earnings during the year ending 31 December 2015.

The dividends actually paid in 2014 and 2013 were RMB16,314,000 and RMB8,413,000 respectively based on the number of issued shares outstanding at relevant time.

10. TRADE RECEIVABLES

	At at 31 December	
	2014	2013
	RMB'000	*RMB'000*
Accounts receivable	**132,819**	135,993
Notes receivable		
– bank acceptance notes	**107,178**	321,541
– commercial acceptance notes	**9,203**	7,797
	249,200	465,331
Less: provision for impairment	**(872)**	(1,781)
Trade receivables – net	**248,328**	463,550

The fair values of trade receivables approximate their carrying amounts.

As at 31 December 2014, bank acceptance notes of RMB38,083,000 (2013: RMB2,850,000) 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 acceptance notes with maturity within 6 months; and (iii) credit terms of 1-90 days. At 31 December 2014 and 2013, the aging analysis of trade receivables was as follows:

	At at 31 December	
	2014	2013
	RMB'000	*RMB'000*
Accounts receivable		
– Within 30 days	**118,660**	128,119
– 30 days to 3 months	**13,562**	4,707
– 3 months to 6 months	**58**	637
– 6 months to 1 year	**100**	431
– 1 year to 2 years	**21**	444
– 2 years to 3 years	**418**	1,139
– over 3 years	**–**	516
	132,819	135,993
Notes receivable		
– Within 6 months	**116,381**	329,338
	249,200	465,331

11. TRADE PAYABLES

	At at 31 December	
	2014	2013
	RMB'000	*RMB'000*
Accounts payable	**226,328**	175,228
Notes payable	**1,317,420**	1,390,170
	1,543,748	1,565,398

Notes payable of RMB938,920,000 (2013: RMB1,190,170,000) was secured by restricted bank deposits of approximately RMB502,927,000 (2013: RMB407,424,000).

The aging analysis of the trade payables was as follows:

	At at 31 December	
	2014	2013
	RMB'000	*RMB'000*
Within 6 months	**1,543,740**	1,565,386
6 months to 1 year	**8**	6
1 year to 2 years	**–**	6
	1,543,748	1,565,398

Trade payables are denominated in the following currencies:

	At at 31 December	
	2014	2013
	RMB'000	R*MB'000*
RMB	**1,525,421**	1,558,754
USD	**18,327**	6,644
	1,543,748	1,565,398

The fair values of trade payables approximate their carrying amounts.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The results

The Group achieved a net profit of approximately RMB 165.9 million for the year ended 31 December 2014 representing an increase of approximately 69.3% as compared with that for the year ended 31 December 2013.

The annual sales volume of our stainless steel processing business increased from approximately 974,000 tonnes in 2013 to approximately 1,237,000 tonnes in 2014 representing an increase of approximately 27% while the annual processing volume increased from approximately 1,420,000 tonnes in 2013 to approximately 1,792,000 tonnes in 2014 representing an increase of approximately 26%.

The annual sales volume of our carbon steel processing business increased from approximately 258,000 tonnes in 2013 to approximately 572,000 tonnes in 2014 representing an increase of approximately 122% while the annual processing volume increased from approximately 238,000 tonnes in 2013 to approximately 523,000 tonnes in 2014 representing an increase of approximately 119%.

The Group recorded a satisfactory growth in the carbon steel processing services in 2014 and we expect that there will still be strong growth potential in this business in 2015. Our customers for the carbon steel processing business include those manufacturers mainly from the escalators, pressurized containers, building infrastructures and pharmaceutical appliances industries.

Development of processing centres

The building infrastructure of the sixth phase of our Wuxi processing centre is expected to be completed in the first half year of 2015 and a portion of machineries are currently under installation. The sixth phase will become our precision sheet metal processing centre providing various processing services for customers mainly in the motor vehicles, health, environmental protection, weaving and electrical industries.

The new Wuhan processing centre commenced operation in June 2014. The machineries in the original Wuhan processing centre had already been relocated to the new processing centre. Two laser cut equipments had also been installed in the new Wuhan processing centre to broaden its processing service range.

On 28 April 2014, the Group entered into an equity transfer agreement with Baosteel Stainless Steel Co., Ltd. ("Baosteel") pursuant to which the Group agreed to transfer 5% interest in Hangzhou Wanzhou Metal Products Co., Ltd. at a consideration of RMB11,170,000. Baosteel is a key supplier of the Group and the entering into the equity transfer agreement will strengthen the Group's strategic alliance with Baosteel.

The construction and installation of machineries in our Taiyuan processing centre are progressing satisfactorily in accordance with our original plan. Equipped with coil and plate cutting, precision shearing and slitting, surface polishing and forming platforms, Taiyuan processing centre will provide processing services to both our stainless steel and carbon steel customers.

The construction of the first phase of the Jingjiang processing centre and the installation of some machineries have substantially been completed. The Group will continue to install additional machineries in the Jingjiang processing centre in 2015. The Jingjiang processing centre will provide processing services to our customers mainly involved in heavy industries such as pressurized container manufacturers and infrastructural parts manufacturers.

FUTURE DEVELOPMENT

With the completion and enhancement of the processing centres of our Group in 2015, we anticipate a rapid growth both in our sales volume and processing volume in the coming years. We shall also devote more resources including the hiring of more staff in our carbon steel processing business in order to provide a more comprehensive service to our customers.

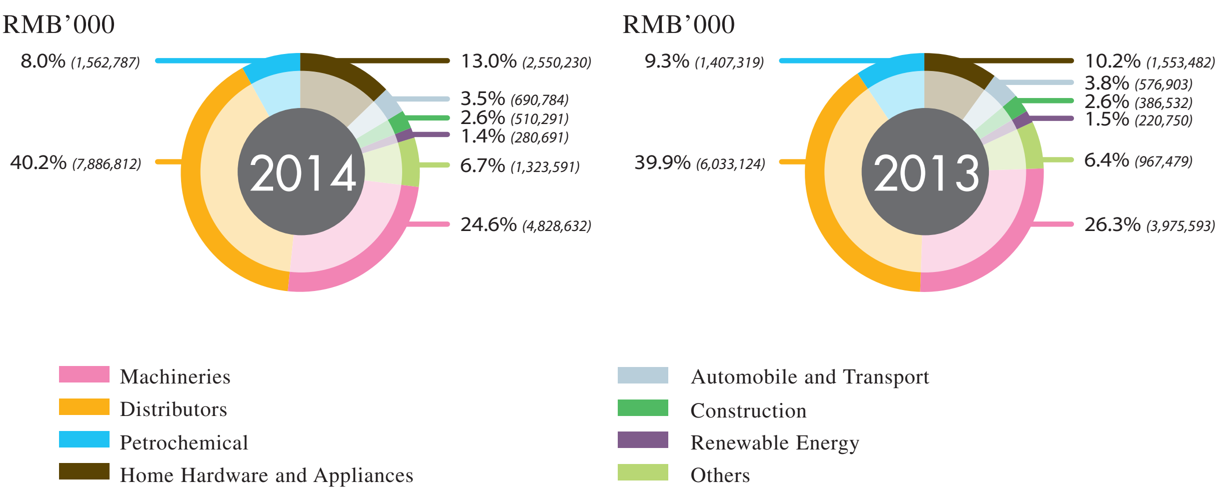
FINANCIAL REVIEW AND ANALYSIS

During the year under review, we recorded a revenue of approximately RMB19,634 million, gross profit of approximately RMB632 million and the profit attributable to equity holders of the Company of approximately RMB166 million. Total assets of the Group as at 31 December 2014 amounted to approximately RMB5,958 million while equity attributable to equity holders of the Company amounted to approximately RMB1,770 million.

Analysis of revenue by key industry segments

During the years ended 31 December 2014 and 2013, our revenue by key industry segments are shown below:

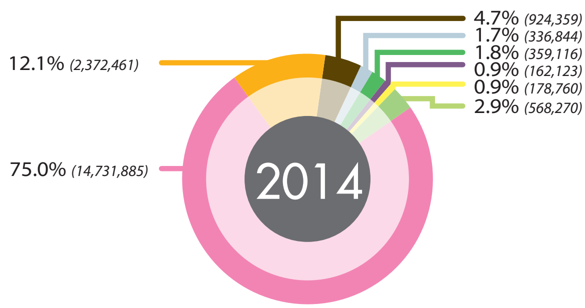
	Revenue For the year ended 31 December			
	2014		2013	
Industry	***RMB'000***	***%***	*RMB'000*	*%*
Machineries	**4,828,632**	**24.6**	3,975,593	26.3
Distributors	**7,886,812**	**40.2**	6,033,124	39.9
Petrochemical	**1,562,787**	**8.0**	1,407,319	9.3
Home Hardware and Appliances	**2,550,230**	**13.0**	1,553,482	10.2
Automobile and Transport	**690,784**	**3.5**	576,903	3.8
Construction	**510,291**	**2.6**	386,532	2.6
Renewable Energy	**280,691**	**1.4**	220,750	1.5
Others	**1,323,591**	**6.7**	967,479	6.4
Total	**19,633,818**	**100.0**	15,121,182	100.0



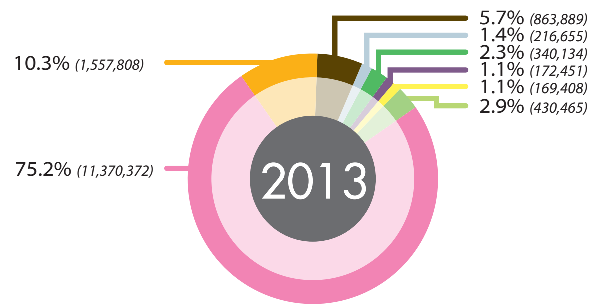
Analysis of revenue by geographic regions

Region	Revenue For the year ended 31 December **2014** *RMB'000*	**2014** *%*	2013 *RMB'000*	2013 *%*
Eastern region, China	**14,731,885**	**75.0**	11,370,372	75.2
Northern region, China	**2,372,461**	**12.1**	1,557,808	10.3
Central region, China	**924,359**	**4.7**	863,889	5.7
Southwestern region, China	**336,844**	**1.7**	216,655	1.4
Northeastern region, China	**359,116**	**1.8**	340,134	2.3
Northwestern region, China	**162,123**	**0.9**	172,451	1.1
Southern region, China	**178,760**	**0.9**	169,408	1.1
Overseas	**568,270**	**2.9**	430,465	2.9
	19,633,818	**100.0**	15,121,182	100.0

RMB'000



RMB'000



Eastern region, China
Northern region, China
Central region, China
Southwestern region, China
Northeastern region, China
Northwestern region, China
Southern region, China
Overseas

Revenue

Our revenue for the year ended 31 December 2014 amounted to approximately RMB19,634 million comprising approximately RMB17,981 million from our stainless steel processing business and approximately RMB1,653 million from our carbon steel processing business. As compared with the revenue for the year ended 31 December 2013 of approximately RMB15,121 million, it represented an increase of approximately 29.8%. Such increase was mainly due to:

i) The increase in the sales volume of our stainless steel processing business from 974,133 tonnes for the year ended 31 December 2013 to 1,236,953 tonnes for the year ended 31 December 2014 representing an increase of approximately 27.0%.

ii) The increase in the sales volume of our carbon steel processing business from 257,823 tonnes for the year ended 31 December 2013 to 572,008 tonnes for the year ended 31 December 2014 representing an increase of approximately 121.9%.

iii) The increase in processing fee income as reflected by the increase in the processing volume of our stainless steel processing business from 1,419,663 tonnes for the year ended 31 December 2013 to 1,792,346 tonnes for the year ended 31 December 2014 representing an increase of approximately 26.3%.

Gross profit

Gross profit increased from approximately RMB441.4 million in 2013 to approximately RMB632.0 million in 2014 mainly due to the increase in sales volume and the increased demands in our deep processing services.

Other income

Other income increased from approximately RMB16.0 million for the year ended 31 December 2013 to approximately RMB22.8 million for the year ended 31 December 2014 mainly due to the increase in sales of scraps and packaging materials.

Other gain/(losses) – net

The Group recorded other gain of approximately RMB2.3 million for the year ended 31 December 2014 as compared with other losses of approximately RMB2.5 million for the year ended 31 December 2013. Such increase was mainly due to a foreign exchange gain recorded in 2014 as compared with a foreign exchange losses recorded in 2013.

Distribution costs

Distribution costs increased from approximately RMB105.7 million for the year ended 31 December 2013 to approximately RMB139.1 million for the year ended 31 December 2014. Such increase was mainly due to the increase in staff costs and transportation costs as a result of the increase in sales.

Administrative expenses

Administrative expenses increased from approximately RMB115.6 million for the year ended 31 December 2013 to approximately RMB180.0 million for the year ended 31 December 2014. Such increase was mainly due to the increase in property related taxes and staff costs including an amount of approximately RMB11.6 million for the award of the Company's shares to certain selected staff in October 2014.

Finance costs – net

Finance costs increased from approximately RMB91.8 million for the year ended 31 December 2013 to approximately RMB102.3 million for the year ended 31 December 2014. The increase in finance costs was mainly due to the increase in interest expenses on bank acceptances notes.

Income tax expenses

Income tax expenses increased from approximately RMB42.4 million for the year ended 31 December 2013 to approximately RMB67.6 million for the year ended 31 December 2014 due to the increase in operating profit.

Profit for the year

The Group recorded a profit of approximately RMB165.9 million for the year ended 31 December 2014 as compared with a profit of approximately RMB98.0 million for the year ended 31 December 2013 representing an increase of approximately 69.3%. The increase was mainly due to the increase in sales volume and processing volume of both our stainless steel and carbon steel processing business.

Capital Expenditure

In 2014, our capital expenditure consisted of additions of property, plant and equipment which amounted to approximately RMB525.8 million (2013: RMB437.8 million) and the additions of land use rights of approximately RMB53.8 million (2013: RMB34.9 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 2014, the bank loans of the Group amounted to approximately RMB1,942.3 million of which approximately RMB1,454.8 million were repayable within one year, notes payables amounted to approximately RMB1,317.4 million while the bank balances were approximately RMB928.2 million of which approximately RMB636.2 million were pledged mainly for the issuance of notes payable and letter of credit.

As at 31 December 2014, the Group recorded a net current liabilities of approximately RMB35.9 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 2014 and 2013 calculated on this basis was 45.13% and 44.05% respectively.

HUMAN RESOURCES

The Group employed a total of 2,670 staffs as at 31 December 2014 (2013: 1,879). There was a 42.1% growth in our workforce in 2014 as compared with 2013. 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 has recommended the payment of a final dividend of HKD0.02 (2013: HKD0.02) per share for the year ended 31 December 2014 which will be payable on Friday, 19 June 2015 to the shareholders whose names appear on the register of members of the Company on Wednesday, 10 June 2015 subject to the shareholders' approval in the annual general meeting of the Company to be held on Tuesday, 2 June 2015 (the "AGM").

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 2014 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 2014, 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 Tuesday, 2 June 2015. 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 Friday, 29 May 2015 to Tuesday, 2 June 2015, 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 Thursday, 28 May 2015 in order to qualify for attending the above AGM.

For the purpose of ascertaining Shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed from Monday, 8 June 2015 to Wednesday, 10 June 2015, 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 Friday, 5 June 2015.

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 2014 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 2014 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, 25 March 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.