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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2013

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2013	2012	
	RMB'000	*RMB'000*	*% change*
Revenue	**6,793,499**	5,641,062	+20.4%
Gross profit	**168,375**	65,901	+155.5%
Total comprehensive income for the period	**10,770**	(53,789)	+120.0%

OPERATING HIGHLIGHTS

	Six months ended 30 June		
	2013	2012	*% change*
Stainless steel			
Sales volume (tonnes)	**421,242**	325,846	+29.3%
Processing volume (tonnes)	**603,606**	456,283	+32.3%
Processing multiple *(note 1)*	**1.43**	1.40	+2.1%
Carbon steel			
Sales volume (tonnes)	**70,388**	–	n/a
Processing volume (tonnes)	**69,731**	–	n/a
Processing multiple	**0.99**	–	n/a

Note : *1.* Processing multiple = Processing volume/Sales volume
2. Carbon steel processing services was launched in early 2013, no comparative figures for 2012 can be provided.

INTERIM RESULTS

The board of directors (the "Board") of Da Ming International Holdings Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2013 together with comparative figures for the six months ended 30 June 2012, as follows: –

CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

For the six months ended 30 June 2013

		Six months ended 30 June	
		2013	2012
	Note	***RMB'000***	*RMB'000*
Revenue	6	**6,793,499**	5,641,062
Cost of sales	7	**(6,625,124)**	(5,575,161)
Gross profit		**168,375**	65,901
Other income – net		**882**	1,244
Other losses – net		**(61)**	(80)
Distribution costs	7	**(46,671)**	(39,492)
Administrative expenses	7	**(59,947)**	(38,259)
Operating profit/(losses)		**62,578**	(10,686)
Finance income	8	**3,515**	5,117
Finance costs	8	**(50,931)**	(63,440)
Finance costs – net	8	**(47,416)**	(58,323)
Profit/(Losses) before income tax		**15,162**	(69,009)
Income tax (expense)/credit	9	**(4,392)**	15,220
Profit/(Losses) for the period		**10,770**	(53,789)
Other comprehensive income for the period		**–**	–
Total comprehensive income for the period		**10,770**	(53,789)
Attributable to:			
Equity holders of the Company		**12,800**	(53,175)
Non-controlling interests		**(2,030)**	(614)
		10,770	(53,789)
Earnings/(Losses) per share for profit attributable to equity holders of the Company during the period (expressed in RMB per share)			
– basic earnings/(losses) per share	10	**0.01**	(0.05)
– diluted earnings/(losses) per share	10	**0.01**	(0.05)
Interim dividends	11	**–**	–

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Note	As at 30 June 2013 RMB'000	As at 31 December 2012 RMB'000
ASSETS			
Non-current assets			
Land use rights		**212,336**	175,927
Property, plant and equipment		**1,613,641**	1,455,833
Investment properties		**7,987**	8,213
Intangible assets		**2,390**	2,560
Deferred income tax assets		**25,247**	12,748
Other non-current assets		**47,610**	64,355
		1,909,211	1,719,636
Current assets			
Inventories		**1,506,120**	1,707,925
Trade receivables	12	**415,093**	158,547
Prepayments, deposits and other receivables		**530,167**	224,652
Restricted bank deposits		**349,824**	197,737
Cash and cash equivalents		**170,050**	182,565
		2,971,254	2,471,426
Total assets		**4,880,465**	4,191,062
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		**89,215**	89,215
Reserves		**1,433,964**	1,428,836
		1,523,179	1,518,051
Non-controlling interests		**141,890**	143,920
Total equity		**1,665,069**	1,661,971

	Note	As at 30 June 2013 RMB'000	As at 31 December 2012 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings		**205,000**	140,000
Deferred government grants		**25,040**	16,732
Deferred income tax liabilities		**1,980**	2,811
Other non-current liabilities		**34,500**	–
		266,520	159,543
Current liabilities			
Trade payables	13	**1,331,313**	701,705
Accruals, advances from customers and other current liabilities		**263,587**	274,921
Current income tax liabilities		**7,037**	7,261
Borrowings		**1,345,832**	1,384,514
Current portion of deferred government grants		**1,107**	1,147
		2,948,876	2,369,548
Total liabilities		**3,215,396**	2,529,091
Total equity and liabilities		**4,880,465**	4,191,062
Net current assets		**22,378**	101,878
Total assets less current liabilities		**1,931,589**	1,821,514

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	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/(Losses) for the period	–	12,800	(2,030)	10,770
Total comprehensive income for the period	–	12,800	(2,030)	10,770
Transaction with owners				
Employee share options scheme	–	740	–	740
Capital injection by a non-controlling shareholder	–	–	–	–
Dividend paid	–	(8,412)	–	(8,412)
Total transaction with owners	–	(7,672)	–	(7,672)
Balance at 30 June 2013	89,215	1,433,964	141,890	1,665,069

	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 2012	89,215	1,426,210	64,449	1,579,874
Comprehensive income				
Losses for the period	–	(53,175)	(614)	(53,789)
Total comprehensive income for the period	–	(53,175)	(614)	(53,789)
Transaction with owners				
Employee share options scheme	–	744	–	744
Capital injection by a non-controlling shareholder	–	–	40,000	40,000
Dividend paid	–	(29,439)	–	(29,439)
Total transaction with owners	–	(28,695)	40,000	11,305
Balance at 30 June 2012	89,215	1,344,340	103,835	1,537,390

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Cash flows from operating activities	**(108,978)**	678,682
Cash flows from investing activities	**(184,556)**	(219,910)
Cash flows from financing activities	**281,019**	(543,611)
Net decrease in cash and cash equivalents	**(12,515)**	(84,839)
Cash and cash equivalents at beginning of the period	**182,565**	282,854
Cash and cash equivalents at end of the period	**170,050**	198,015

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2013

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 14 February 2007 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 1 December 2010.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 June 2013 have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. These condensed consolidated financial statements are unaudited but have been reviewed by the Company's audit committee.

3. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2012, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) New and amended standards adopted by the Group

The following amendments to standards are mandatory for the first time for the financial year beginning 1 January 2013:

HKAS 1 (Amendment)	Presentation of financial statements: Regarding other comprehensive income
HKFRS 1 (Amendment)	'First time adoption', on government loans
HKFRSs 10, 11 and 12 (Amendment)	Transition guidance
HKAS 27 (Revised 2011)	Separate financial statements
HKFRS 11	Joint arrangements
HKAS 28 (Revised 2011)	Associates and joint ventures
HKFRS 12	Disclosure of interests in other entities
HKFRS 10	Consolidated financial statements
HKFRS 13	Fair value measurements
HKAS 19 (Amendment)	Employee benefits
HKFRS 7 (Amendment)	Financial instruments: Disclosures on asset and liability offsetting

There are no other amended standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on this Group.

(b) 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 2013 and have not been early adopted:

		Effective for annual periods beginning on or after
HKAS 32 (Amendment)	Financial instruments: Presentation on asset and liability offsetting	1 January 2014
HKFRS 9	Financial instruments: Addresses the classification, measurement and recognition of financial assets and financial liabilities	1 January 2015
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory effective date and transition disclosures	1 January 2015
HKFRSs 10, 12 and 27 (Amendment)	Investment entities	1 January 2014
HKAS 36	Recoverable amount disclosures for non-financial assets	1 January 2014
HKFRIC Interpretation 21	Levies	1 January 2014

4. ESTIMATES

The preparation of condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2012.

5. FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and fair value interest rate risk), credit risk, and liquidity risk.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2012.

There have been no changes in the risk management department since year end or in any risk management policies.

5.2 Fair value estimation

There are no financial assets/liabilities carried at fair value determined by valuation method. The carrying value of cash and cash equivalents, restricted bank deposits, trade and other receivables and financial liabilities including trade and other payables and borrowings are assumed to approximate their fair values.

6. SALES AND SEGMENT INFORMATION

	Six months ended	
	30 June 2013	30 June 2012
	RMB'000	*RMB'000*
Sales of goods	**6,793,499**	5,641,062

The chief operating decision-maker has been identified as the executive directors and all top management. 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 result of its sales from external customers in different countries and regions is as follows:

	Six months ended	
	30 June 2013	30 June 2012
	RMB'000	*RMB'000*
– Mainland China	**6,591,126**	5,472,394
– Hong Kong and other overseas countries and regions*	**202,373**	168,668
Total sales	**6,793,499**	5,641,062

* Other overseas countries and regions for the six months ended 30 June 2013 mainly represented Australia, New Zealand, Korea, Malaysia, USA and Canada.

Other overseas countries and regions for the six months ended 30 June 2012 mainly represented Australia, Korea, India, Malaysia, USA and Russia.

7. EXPENSES BY NATURE

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

	Six months ended 30 June 2013 RMB'000	Six months ended 30 June 2012 RMB'000
Changes in inventories of finished goods	**(13,598)**	33,813
Raw materials consumed	**6,497,107**	5,453,719
Stamp duty, property tax and other surcharges	**5,076**	6,919
Transportation costs	**36,569**	29,556
Employee benefit expenses, including directors' emoluments	**80,416**	54,301
Depreciation and amortisation	**51,160**	37,460
Operating lease rental for buildings	**1,191**	774
Utilities charges	**8,952**	6,477
Provision for write-down of inventories	**22,705**	3,544
Entertainment and travelling expenses	**15,431**	11,231
Professional service expenses	**371**	838
Others	**26,362**	14,280
Total cost of sales, distribution costs and administrative expenses	**6,731,742**	5,652,912

8. FINANCE COSTS – NET

	Six months ended 30 June 2013 RMB'000	Six months ended 30 June 2012 RMB'000
Interest expenses on bank borrowings	**40,894**	55,144
Interest expenses on bank acceptance notes	**14,271**	5,026
Exchange (gains)/losses, net	**(4,234)**	3,270
Total finance costs	**50,931**	63,440
Interest income	**(3,515)**	(5,117)
	47,416	58,323

9. INCOME TAX EXPENSE/(CREDIT)

	Six months ended 30 June 2013 RMB'000	Six months ended 30 June 2012 RMB'000
Current income tax expense		
– Mainland China corporate income tax	**17,722**	635
Deferred income tax credit	**(13,330)**	(15,855)
	4,392	(15,220)

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.

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 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.

10. EARNINGS/(LOSSES) PER SHARE

(a) Basic

Basic earnings/(losses) per share is calculated by dividing the profit/(losses) attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the period.

	Six months ended	
	30 June 2013	30 June 2012
	RMB'000	*RMB'000*
Profit/(Losses) attributable to equity holders of the company	**12,800**	(53,175)
Weighted average number of ordinary shares in issue *(thousands)*	**1,037,500**	1,037,500

(b) Diluted

Diluted earnings/(losses) 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.

	Six months ended	
	30 June 2013	30 June 2012
	RMB'000	*RMB'000*
Profit/(Losses) used to determine diluted earnings/(losses) per share	**12,800**	(53,175)
Weighted average number of ordinary shares in issue *(thousands)*	**1,037,500**	1,037,500
Adjustments for:		
– Share options *(thousands)*	**–**	–
Weighted average number of ordinary shares for diluted earnings per share *(thousands)*	**1,037,500**	1,037,500

11. INTERIM DIVIDENDS

The directors do not recommend the payment of an interim dividend in respect of the six months ended 30 June 2013 (2012: nil).

12. TRADE RECEIVABLES

	As at 30 June 2013 *RMB'000*	As at 31 December 2012 *RMB'000*
Accounts receivable	**119,924**	115,871
Notes receivable		
– bank acceptance notes	**293,877**	38,972
– commercial acceptance notes	**2,174**	4,635
	415,975	159,478
Less: provision for impairment	**(882)**	(931)
Trade receivables – net	**415,093**	158,547

The Group's sales are mainly made on (i) cash on delivery; (ii) notes receivable with maturity within 6 months; and (iii) credit terms of 1-90 days. Ageing analysis of trade receivables is as follows:

	As at 30 June 2013 *RMB'000*	As at 31 December 2012 *RMB'000*
Accounts receivable		
– Within 30 days	**115,762**	92,853
– 30 days to 3 months	**760**	21,112
– 3 months to 6 months	**1,411**	230
– 6 months to 1 year	**157**	21
– 1 year to 2 years	**1,318**	1,139
– 2 years to 3 years	**–**	–
– More than 3 years	**516**	516
	119,924	115,871
Notes receivable		
– Within 6 months	**296,051**	43,607
	415,975	159,478

13. TRADE PAYABLES

	As at 30 June 2013	As at 31 December 2012
	RMB'000	*RMB'000*
Accounts payable	**144,313**	12,351
Notes payable	**1,187,000**	689,354
	1,331,313	701,705

The ageing analysis of the trade payable is as follows:

	As at 30 June 2013	As at 31 December 2012
	RMB'000	*RMB'000*
Within 6 months	**1,331,307**	701,698
6 months to 1 year	**6**	7
	1,331,313	701,705

BUSINESS REVIEW

Stainless steel processing services

We are a leading stainless steel processing service provider in China which provides processing services to customers across different industries. We have a network of five processing centres situated in Wuxi, Wuhan, Hangzhou, Tianjin and Taiyuan providing coil cutting, surface polishing, plate cutting, forming, machining, flat bar processing, precision sheet metal processing and welding services to over 8,000 active customers.

The market price of stainless steel materials continued to drop during the first half year of 2013. Despite this unfavourable market condition, the Group was able to achieve a sales volume of 421,242 tonnes and a processing volume of 603,606 tonnes in its stainless steel business for the six months ended 30 June 2013 representing an increase of approximately 29.3% and 32.3% respectively as compared with the same period in 2012.

There was a higher demand in the deep processing services provided by the Group as evidenced by a higher processing multiple of 1.43 for the six months ended 30 June 2013 as compared with 1.40 for the corresponding period in 2012. With the enhancement in management control, operating efficiency was improved and operating cost was reduced accordingly. The Group recorded a profit attributable to equity holders of the Company of approximately RMB12.8 million for the six months ended 30 June 2013 as contrasted to a loss of approximately RMB53.2 million for the corresponding period in 2012.

In July 2013, the sales volume of our stainless steel business achieved a record high of over 90,000 tonnes. Comparing with a monthly average of 70,207 tonnes for the six months ended 30 June 2013, it represented an increase of approximately 28%.

Carbon steel processing services

In order to widen our business scope, the Group had commenced its carbon steel processing services in March 2013. Carbon steel has high demands in a wide variety of industrial use including building infrastructures, containers and machineries and it has a lower unit price as compared with stainless steel. Developing into processing services of carbon steel will open more business opportunities to the Group. Carbon steel processing services are being provided by our Wuxi processing centre and Hangzhou processing centre currently. The current sales volume and processing volume of our carbon steel processing services reach over 20,000 tonnes per month.

Processing centres

Recently, our Wuxi processing centre has provided processing services to a manufacturer of large scale underground heat radiators by using the newly introduced precision sheet metal processing platform. It also provided processed spare parts to be used as LNG containers supporting accessories to a renowned low temperature containers manufacturer with the use of the welding and machining platforms.

The second phase of our Hangzhou processing centre commenced its operations on 17 May 2013. Equipped with more advance processing equipments, the Hangzhou processing centre is capable to provide deep processing services as well as carbon steel processing services to satisfy the increasing demands from customers.

Our Wuhan processing centre recently received two project orders from a beverage enterprise to provide them with stainless steel materials for making beer containers. These projects amounted to over RMB25million with a consumption of stainless steel materials of over 1,500 tonnes. With an aim to consolidate the businesses of Hunan and Hubei provinces, a new processing centre which will be equipped with more processing machineries will be built in Wuhan to replace the existing processing centre.

On 28 June 2013, 瀋陽大明通順不鏽鋼有限公司 (Shenyang Daming Fortune Express Stainless Steel Company Limited) commenced its business to serve the customers in the northeastern region of China with the support of our Tianjin processing centre.

The Taiyuan processing centre has completed its building infrastructure and processing machineries are being installed currently. To be equipped with coil and plate cutting, precision shearing and slitting, surface polishing and forming platforms, Taiyuan processing centre will provide deep processing services for both our stainless steel and carbon steel customers.

Outlook

The Group will continue to benefit from the development of high-end manufacturing industries in the PRC since we are able to provide advance stainless steel processing services to these high-end manufacturing customers as a consequence of our continual investment in modern processing equipments and improvement in processing techniques in recent years. Riding on the experience of our stainless steel processing business, we will expand our carbon steel processing business in the second half of 2013.

We will continue the installation of processing machineries in our Taiyuan processing centre as well as the establishment of our Wuhan processing centre in the second half of 2013. These will further strengthen our processing capability as well as widening our marketing network to serve the demands of our customers.

FINANCIAL REVIEW AND ANALYSIS

During the six months ended 30 June 2013, we recorded a revenue of approximately RMB6,793 million, gross profit of approximately RMB168 million and profit attributable to equity holders of the Company of approximately RMB13 million. Total assets of the Group as at 30 June 2013 amounted to approximately RMB4,880 million while equity attributable to equity holders of the Company amounted to approximately RMB1,523 million.

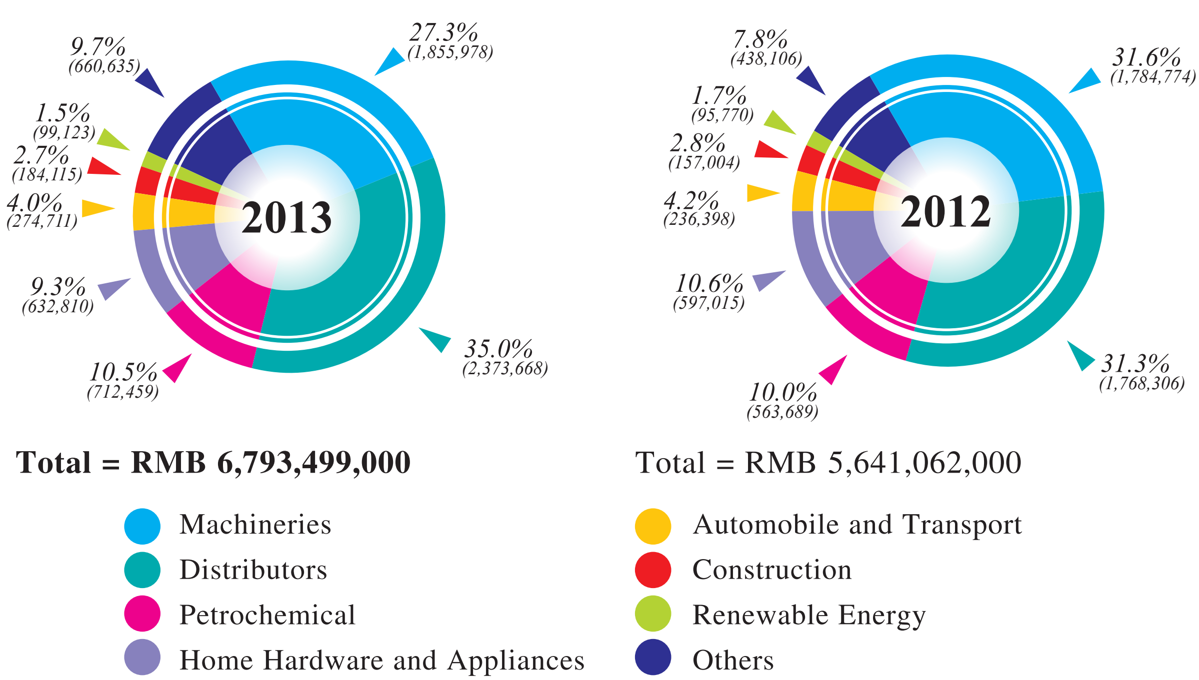
Analysis of revenue by key industry segments

During the six months ended 30 June 2013 and the corresponding period in 2012, our revenue by key industry segments are shown below:

Revenue

	Six months ended 30 June			
	2013		2012	
Industry	***RMB'000***	**%**	*RMB'000*	%
Machineries	**1,855,978**	**27.3**	1,784,774	31.6
Distributors	**2,373,668**	**35.0**	1,768,306	31.3
Petrochemical	**712,459**	**10.5**	563,689	10.0
Home Hardware and Appliances	**632,810**	**9.3**	597,015	10.6
Automobile and Transport	**274,711**	**4.0**	236,398	4.2
Construction	**184,115**	**2.7**	157,004	2.8
Renewable Energy	**99,123**	**1.5**	95,770	1.7
Others	**660,635**	**9.7**	438,106	7.8
Total	**6,793,499**	**100.0**	5,641,062	100.0

RMB'000



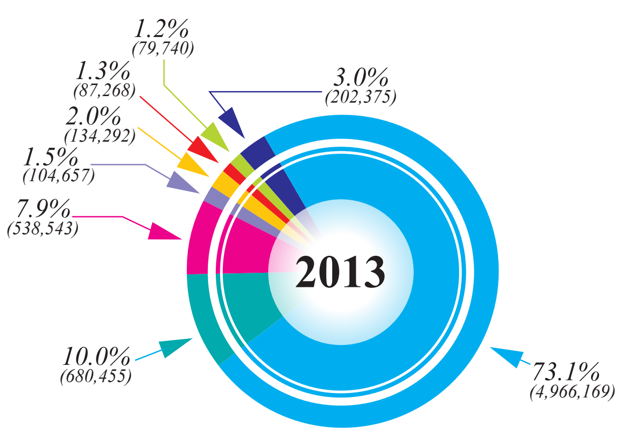
Machineries, distributors, petrochemical and home hardware and appliances remained the four largest customer segments during the six months ended 30 June 2013 and 2012. In aggregate, these accounted for over 80% of our total revenue.

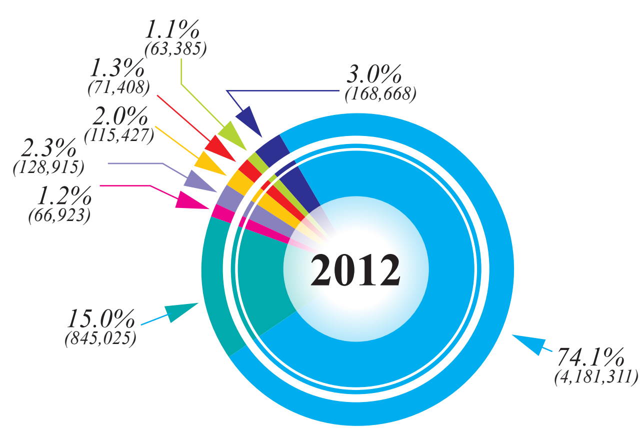
Analysis of revenue by geographical regions

During the six months ended 30 June 2013 and the corresponding period in 2012, our revenue by geographical regions are shown below:

	Six months ended 30 June			
	2013		2012	
Region	***RMB'000***	**%**	*RMB'000*	%
Eastern region, China	**4,966,169**	**73.1**	4,181,311	74.1
Northern region, China	**680,455**	**10.0**	845,025	15.0
Central region, China	**538,543**	**7.9**	66,923	1.2
Southwestern region, China	**104,657**	**1.5**	128,915	2.3
Northeastern region, China	**134,292**	**2.0**	115,427	2.0
Northwestern region, China	**87,268**	**1.3**	71,408	1.3
Southern region, China	**79,740**	**1.2**	63,385	1.1
Overseas	**202,375**	**3.0**	168,668	3.0
Total	**6,793,499**	**100.0**	5,641,062	100.0

RMB'000





Total = RMB 6,793,499,000

Total = RMB 5,641,062,000

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

The sales volume and processing volume of our processing centres for the six months ended 30 June 2013 and the corresponding period in 2012 are as follows:

Stainless steel

	Six months ended 30 June		
	2013	2012	
	tonnes	*tonnes*	*% change*
Sales volume			
Wuxi	**272,769**	211,798	28.8%
Wuhan	**20,337**	14,955	36.0%
Hangzhou	**65,120**	49,501	31.6%
Tianjin	**61,374**	49,592	23.8%
Taiyuan (in trial run)	**1,642**	–	n/a
Total	**421,242**	325,846	29.3%
Processing volume			
Wuxi	**461,240**	366,208	26.0%
Wuhan	**7,783**	6,306	23.4%
Hangzhou	**76,498**	46,719	63.7%
Tianjin	**56,374**	37,050	52.2%
Taiyuan (in trial run)	**1,711**	–	n/a
Total	**603,606**	456,283	32.3%

Carbon steel

	Six months ended 30 June		
	2013	2012	
	tonnes	*tonnes*	*% change*
Sales volume			
Wuxi	**36,916**	–	n/a
Hangzhou	**33,472**	–	n/a
	70,388	–	n/a
Processing volume			
Wuxi	**36,423**	–	n/a
Hangzhou	**33,308**	–	n/a
	69,731	–	n/a

Revenue

Our revenue for the six months ended 30 June 2013 amounted to approximately RMB6,793 million comprising approximately RMB6,565 million from our stainless steel business and approximately RMB228 million from our carbon steel business. As compared with the revenue for the six months ended 30 June 2012 of approximately RMB5,641 million, it represented an increase of approximately 20.4%. Such increase was mainly due to the increase in the sales volume of our stainless steel business from 325,846 tonnes for the six months ended 30 June 2012 to 421,242 tonnes for the six months ended 30 June 2013 representing an increase of approximately 29.3%. The increase was partially offset by a decrease in average selling price of approximately RMB17,312 per tonne for the six months ended 30 June 2012 to approximately RMB15,585 per tonne for the six months ended 30 June 2013.

Gross profit

Gross profit increased from approximately RMB65.9 million for the six months ended 30 June 2012 to approximately RMB168.4 million for the six months ended 30 June 2013 mainly due to the increase in sales volume and the increasing demands in our deep processing services. Gross profit per tonne for our stainless steel products increased from approximately RMB202 for the six months ended 30 June 2012 to approximately RMB427 for the six months ended 30 June 2013 representing an increase of approximately 111.4%.

Other income

Other income decreased from approximately RMB1.2 million for the six months ended 30 June 2012 to approximately RMB0.9 million for the six months ended 30 June 2013 due to the decrease in government grants.

Distribution costs

Distribution costs increased from approximately RMB39.5 million for the six months ended 30 June 2012 to approximately RMB46.7 million for the six months ended 30 June 2013. Such increase was mainly due to the increase in transportation costs as a result of an increase in sales volume.

Administration expenses

Administrative expenses increased from approximately RMB38.3 million for the six months ended 30 June 2012 to approximately RMB59.9 million for the six months ended 30 June 2013. Such increase was mainly due to the increase in staff costs and entertainment expenses.

Finance costs

Finance costs decreased from approximately RMB58.3 million for the six months ended 30 June 2012 to approximately RMB47.4 million for the six months ended 30 June 2013. The decrease in finance costs was mainly due to i) the decrease in interest expenses on bank borrowings which was partially offset by an increase in interest expenses on bank acceptance notes and ii) the recognition of an exchange gain in 2013 as contrasted to an exchange loss in 2012.

Income tax expense

We recorded an income tax expense of approximately RMB4.4 million for the six months ended 30 June 2013 as contrasted to an income tax credit of approximately RMB15.2 million for the six months ended 30 June 2012 due to the increase in operating profit.

Profit for the period

Our Group recorded a profit of approximately RMB10.8 million for the six months ended 30 June 2013 as contrasted to a loss of approximately RMB53.8 million for the six months ended 30 June 2012 representing an increase of approximately 120.0%. Such increase was mainly due to the increase in gross profit as a result of the enhancement in management control and improvement in operating efficiency.

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 balances, cash and cash equivalents, trade payables, other payables and borrowings denominated in foreign currencies, mainly United States Dollar and Hong Kong Dollar, which are exposed to foreign currency translation risk.

Our Group does 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, CAPITAL STRUCTURE AND FINANCIAL RESOURCES

As at 30 June 2013, the bank borrowings of the Group amounted to approximately RMB1,550.8 million. Bank acceptance notes amounted to approximately RMB1,187.0 million while the bank balances were approximately RMB519.9 million of which approximately RMB349.8 million were pledged mainly for bank borrowings and the issuance of bank acceptance notes and letter of credit.

As at 30 June 2013, the net current assets of the Group amounted to approximately RMB22.4 million as compared with approximately RMB101.9 million as at 31 December 2012. Such decrease is mainly due to the purchase of plant and equipment with short term financing.

The gearing ratios as at 30 June 2013 and 31 December 2012 were 45.3% and 44.7% respectively. The ratios are calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents while total capital is calculated as total equity plus net debt.

CONTINGENT LIABILITIES

As at 30 June 2013, the Group did not have any material contingent liabilities.

USE OF PROCEEDS FROM GLOBAL OFFERING

The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited in December 2010 with a total of 287,500,000 offer shares (including shares issued as a result of the exercise of the over-allotment option) (the "Global Offering"). The net proceeds from the global offering of approximately HK$553.4 million were to be utilized in the manner as stated in the Company's prospectus dated 17 November 2010.

As at 30 June 2013, approximately RMB164.8 million had been applied towards the purchase of processing equipment and the construction of the fifth phase in our Wuxi processing centre and approximately RMB40.0 million had been used for the development of the second phase in our Hangzhou processing centre. Approximately RMB139.1 million had been invested in the Jingjiang processing and logistics complex and approximately RMB65.0 million had been allocated for the development of a new processing centre in Wuhan to serve the demands from customers in the Wuhan and Changsha area. The remaining balance of the proceeds from the Global Offering which were not immediately required for the above purposes were held in short-term deposits with licensed banks in Hong Kong and the PRC.

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 with 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 during the six months ended 30 June 2013 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.

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 the chief executive officer of the Company. The Board would nevertheless review this arrangement from time to time in light of prevailing circumstances. For detailed information, please refer to the Corporate Governance Report in the Company's 2012 Annual Report.

INTERIM DIVIDENDS

The Directors do not recommend the payment of an interim dividend in respect of the six months ended 30 June 2013 (2012: nil).

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

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries during the six months ended 30 June 2013.

AUDIT COMMITTEE

The Audit Committee of the Company has discussed with the management and reviewed the unaudited condensed consolidated accounts of the Group for the six months ended 30 June 2013 and considered that the Company has complied with all applicable accounting standards and requirements.

INTERIM REPORT

The 2013 Interim Report will be sent to shareholders on 17 September 2013. It will also be available on the Stock Exchange of Hong Kong Limited website at http://www.hkexnews.hk and the company website at http://www.dmssc.net by 17 September 2013.

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

Hong Kong, 21 August 2013

As at the date of this announcement, the executive directors are Mr. Zhou Keming, Ms. Xu Xia, Mr. Zou Xiaoping, Mr. Tang Zhonghai and Mr. Kang In Soo; the non-executive director is Mr. Jiang Changhong; and the independent non-executive directors are Prof. Hua Min, Mr. Chen Xuedong and Mr. Cheuk Wa Pang.