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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)

### **ANNOUNCEMENT**

#### **CONNECTED TRANSACTION CONDITIONAL SUBSCRIPTION OF NEW SHARES BY THE SUBSCRIBER BEING A CONNECTED PERSON**

##### **CONDITIONAL SUBSCRIPTION OF NEW SHARES**

The Board is pleased to announce that, on 20 March 2017, the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 103,750,000 new Shares at the total Subscription Price of HK\$363,125,000 (being HK\$3.50 for each Subscription Share). The Subscription Shares represent approximately 9.09% of the existing issued share capital of the Company as at the date of this announcement and approximately 8.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares immediately after Completion.

The gross proceeds of the Subscription will be approximately HK\$363.1 million and the net proceeds will be approximately HK\$362.2 million after deducting relevant expenses incurred in relation to the Subscription.

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

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

### **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, the Subscriber is an indirect non-wholly owned subsidiary of Taiyuan Steel and Taiyuan Steel is a substantial shareholder of the JVC, which is in turn a non wholly-owned subsidiary of the Company. Accordingly, Taiyuan Steel is a connected person of the Company, and the Subscriber, being an associate of Taiyuan Steel, is also a connected person of the Company at the subsidiary level. The entering into of the Subscription Agreement and the transactions contemplated thereunder therefore constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules, with the highest applicable percentage ratio in respect of the subscription being higher than 5%.

By virtue of Rule 14A.101 of the Listing Rules, as (a) the Subscriber is only a connected person of the Company at the subsidiary level; (b) the transactions contemplated under the Subscription Agreement are on normal commercial terms; and (c) the Board (including all the independent non-executive Directors) has approved the transactions contemplated under the Subscription Agreement and confirmed that the terms of the Subscription Agreement are fair and reasonable, and that the transactions contemplated under the Subscription Agreement are on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the entering into of the Subscription Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempted from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **CONDITIONAL SUBSCRIPTION OF NEW SHARES**

On 20 March 2017, the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 103,750,000 new Shares at the total Subscription Price of HK\$363,125,000 (being HK\$3.50 for each Subscription Share). The Subscription Shares represent approximately 9.09% of the existing issued share capital of the Company as at the date of this announcement and approximately 8.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares immediately after Completion. The aggregate nominal value of the Subscription Shares is HK\$10,375,000.

## **The Subscription Agreement**

The principal terms of the Subscription Agreement are summarised below:

Date: 20 March 2017

Parties: (a) The Company; and  
(b) the Subscriber.

### *1. Subscription*

Subject to the terms and conditions of the Subscription Agreement, the Company shall allot and issue to the Subscriber and the Subscriber shall subscribe for 103,750,000 Subscription Shares representing (a) approximately 9.09% of the existing issued share capital of the Company as at the date of this announcement; and (b) approximately 8.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares immediately after Completion.

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

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

### *3. Subscription Price*

The total Subscription Price payable by the Subscriber to the Company for the Subscription Shares shall be HK\$363,125,000 (being HK\$3.50 per Subscription Share). The Subscription Price of HK\$3.50 per Subscription Share was arrived at after arm's length negotiation between the Company and the Subscriber with reference to the recent trading performance of the Shares.

The Subscription Price of HK\$3.50 per Subscription Share represents:

- (a) a discount of approximately 7.89% to the closing price of HK\$3.80 per Share as quoted on the Stock Exchange on the last Trading Day immediately preceding the date of the Subscription Agreement; and
- (b) a discount of approximately 6.82% to the average closing price of HK\$3.756 per Share as quoted on the Stock Exchange for the last five consecutive Trading Days up to and including the date of this announcement.

4. *Conditions precedent*

Completion shall be subject to and conditional upon the following conditions precedent:

- (a) the Listing Committee of the Stock Exchange having granted the listing approval for the listing of and permission to deal in the Subscription Shares and such approval not having been withdrawn or revoked prior to Completion;
- (b) all other necessary approvals and consents as may be required from any Governmental Authorities and/or other persons, or pursuant to applicable Law for the Subscription, the Subscription Agreement and the transactions contemplated thereunder having been obtained and not having been withdrawn or revoked prior to Completion;
- (c) no event, circumstance, effect, occurrence or state of affairs or any combination thereof having occurred which has material adverse effect on the business, operations, assets, liabilities (including contingent liabilities), business or financial condition, results or prospects of the Group as a whole (except for (i) any change that generally affects the industries or markets in which the Group operates in; (ii) any change in the financial markets or general economic or political conditions; and (iii) any change in Law or any accounting principle applicable to the Group);
- (d) the Company's representations and warranties under the Subscription Agreement shall be true, accurate and correct in all material respects as of the date of the Subscription Agreement and as of the date of Completion as though made at that time (except for representations and warranties that speak as of a specific date, which shall be true and correct as of such specific date); and
- (e) the Subscriber's representations and warranties under the Subscription Agreement shall be true, accurate and correct in all material respects as of the date of the Subscription Agreement and as of the date of Completion as though made at that time (except for representations and warranties that speak as of a specific date, which shall be true and correct as of such specific date).

At any time on or before the Long Stop Date:

- (i) the Company may, in its sole discretion, waive in whole or in part the condition precedent (e) above by written notice to the Subscriber on such terms as the Company may decide; and
- (ii) the Subscriber may, in its sole discretion, waive in whole or in part the conditions precedent (c) and/or (d) above by written notice to the Company on such terms as the Subscriber may decide.

If any of the conditions precedent as set out above is not satisfied (or waived in accordance with the terms of the Subscription Agreement) on or before the Long Stop Date, the Subscription Agreement shall automatically terminate and the Company and the Subscriber shall cease to have any rights or liabilities under the Subscription Agreement, save and except in respect of any antecedent breach of the Subscription Agreement, other provisions of the Subscription Agreement which are stated therein to survive termination, and any rights and liabilities of the company and the Subscriber accrued prior to termination.

#### 5. *Completion*

Completion shall take place at the date falling 5 Business Days after the date (not being later than the Long Stop Date) on which all the conditions precedent as set out above (other than the conditions precedent (c), (d) and (e) as set out above, which shall be satisfied upon Completion) are satisfied or waived in full in accordance with the Subscription Agreement, or such other date as the Company and the Subscriber may agree in writing.

### **GENERAL MANDATE**

The Subscription Shares will be issued under the General Mandate granted to the Directors pursuant to an ordinary resolution of the Shareholders passed at the annual general meeting of the Company on 3 June 2016 whereby the Directors have been duly authorised to allot and issue up to 228,250,000 new Shares, representing 20% of the total issued share capital of the Company as at 3 June 2016.

As at the date of this announcement, no new securities of the Company have been issued under the General Mandate since the General Mandate was granted and the maximum number of new Shares that could be issued by the Company under the General Mandate is 228,250,000 Shares.

### **APPLICATION FOR LISTING**

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

## REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The net proceeds from the Subscription is expected to be approximately HK\$362.2 million and is expected to be applied for the development of the processing centre of the Group in Jingjiang, the PRC and as the Company's general working capital.

The Group is principally engaged in processing, distribution and sale of stainless steel and carbon steel products, and the Subscriber is principally engaged in the trading of steel materials. The entering into the Subscription Agreement enables the Group to strengthen the strategic business relationship with the Subscriber and Taiyuan Steel. The Directors (including all the independent non-executive Directors) are of the view that the terms of the Subscription Agreement are fair and reasonable and the transactions contemplated thereunder are on normal commercial terms and in the interest of the Company and its Shareholders as a whole.

## CAPITAL-RAISING ACTIVITIES IN THE PAST 12 MONTHS

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

## EFFECT ON THE SHAREHOLDING OF THE COMPANY UPON THE COMPLETION

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

	As at the date of this announcement		Immediately after Completion	
	Number of Shares	Approx. %	Number of Shares	Approx. %
Substantial Shareholder				
Ally Good Group Limited <sup>(1)</sup>	773,203,000	67.751%	773,203,000	62.105%
<b>Directors</b>				
Zou Xiaoping <sup>(2)</sup>	5,026,000	0.440%	5,026,000	0.404%
Zhang Feng <sup>(3)</sup>	1,624,000	0.142%	1,624,000	0.130%
Fukui Tsutomu <sup>(4)</sup>	942,000	0.083%	942,000	0.076%
Tang Zhonghai <sup>(5)</sup>	480,000	0.042%	480,000	0.039%
Zhou Keming	26,000	0.002%	26,000	0.002%
Xu Xia	24,000	0.002%	24,000	0.002%
<b>Subscriber</b>	0	0.000%	103,750,000	8.333%
<b>Public Shareholders</b>	359,925,000	31.538%	359,925,000	28.909%
<b>Total</b>	<u>1,141,250,000</u>	<u>100.000%</u>	<u>1,245,000,000</u>	<u>100.000%</u>

- Note* (1) As at the date of this announcement, Ally Good Group Limited is owned as to 77.2% by Mr. Zhou Keming and 22.8% by Ms. Xu Xia, both being Directors; and Mr. Zhou Keming is the spouse of Ms. Xu Xia, who is a Director.
- (2) 26,000 Shares are held by Mr. Zou Xiaoping (“**Mr. Zou**”), a Director of the Company and 5,000,000 Shares are held by Ms. Li Jun, spouse of Mr. Zou.
- (3) In addition to the 1,624,000 Shares held by Mr. Zhang Feng as at the date of this announcement, he is also entitled to exercise the share options granted to him pursuant to the share option scheme of the Company in respect of 400,000 underlying Shares.
- (4) 76,000 Shares are held by Dr. Fukui Tsutomu (“**Dr. Fukui**”), a Director of the Company and 866,000 Shares are held by Ms. Fukui Mizuho, spouse of Dr. Fukui. In addition to the 942,000 Shares held by Dr. Fukui and his spouse as at the date of this announcement, Dr. Fukui is also entitled to exercise the share options granted to him pursuant to the share option scheme of the Company in respect of 500,000 underlying Shares.
- (5) In addition to the 480,000 Shares held by Mr. Tang Zhonghai as at the date of this announcement, he is also entitled to exercise the share options granted to him pursuant to the share option scheme of the Company in respect of 600,000 underlying Shares.

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

#### **INFORMATION ON THE GROUP**

The Group is principally engaged in processing, distribution and sale of stainless steel and carbon steel products.

#### **INFORMATION ON THE SUBSCRIBER**

The Subscriber is a company incorporated in Hong Kong with limited liability whose issued share capital is indirectly non wholly-owned by Taiyuan Steel. The principal activity of the Subscriber is the trading of steel materials.

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, the Subscriber is an indirect non-wholly owned subsidiary of Taiyuan Steel and Taiyuan Steel is a substantial shareholder of the JVC, which is in turn a non wholly-owned subsidiary of the Company. Accordingly, Taiyuan Steel is a connected person of the Company, and the Subscriber, being an associate of Taiyuan Steel, is also a connected person of the Company at the subsidiary level. The entering into of the Subscription Agreement and the transactions contemplated thereunder therefore constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules, with the highest applicable percentage ratio in respect of the subscription being higher than 5%.

By virtue of Rule 14A.101 of the Listing Rules, as (a) the Subscriber is only a connected person of the Company at the subsidiary level; (b) the transactions contemplated under the Subscription Agreement are on normal commercial terms; and (c) the Board (including all the independent non-executive Directors) has approved the transactions contemplated under the Subscription Agreement and confirmed that the terms of the Subscription Agreement are fair and reasonable, and that the transactions contemplated under the Subscription Agreement are on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the entering into of the Subscription Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempted from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **DEFINITIONS**

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

“associate”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Business Day”	a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 5:00 p.m. and is not lowered at or before 5:00 p.m. or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 5:00 p.m. and is not discontinued at or before 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours;



“Company”	Da Ming International Holdings Limited (大明國際控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange;
“Completion”	completion of the subscription of the Subscription Shares pursuant to the Subscription Agreement;
“Completion Date”	the date falling 5 Business Days after the date (not being later than the Long Stop Date) on which all the conditions precedent (other than the conditions precedent in paragraph 4 (c), (d) and (e) above, which shall be satisfied upon Completion) are satisfied or waived in full in accordance with the Subscription Agreement, or such other date as the Company and the Subscriber may agree in writing;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Directors”	the directors of the Company;
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the Company’s annual general meeting held on 3 June 2016 to allot, issue and deal in new Shares in accordance with the terms and conditions thereof;
“Governmental Authority”	any government in Hong Kong, the Cayman Islands, the PRC or elsewhere or political subdivision thereof, any department, agency or instrumentality of any government or political subdivision thereof; any court or arbitral tribunal; and the governing body of any securities exchange, including but not limited to the Stock Exchange;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“JVC”	Taiyuan Taigang Daming Metal Products Company Limited (太原太鋼大明金屬製品有限公司), an indirect non wholly-owned subsidiary of the Company, with 60% of its shares indirectly owned by the Company and 40% of its shares directly owned by Taiyuan Steel;
“Law”	any statute, rule, regulation, law or ordinance, or any judgment, decree or order;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as modified, supplemented or amended from time to time);
“Long Stop Date”	31 May 2017 or such other date agreed by the Company and the Subscriber in writing;
“percentage ratio”	the percentage ratio as referred to in Chapter 14 of the Listing Rules
“PRC”	the People’s Republic of China (which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan);
“Shareholders”	the shareholders of the Company;
“Shares”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“STSS”	Shanxi Taigang Stainless Steel Co., Ltd (山西太鋼不鏽鋼股份有限公司), a stainless steel producer and a company whose shares are listed on The Shenzhen Stock Exchange (with stock code 000825);
“Subscriber”	Tisco Stainless Steel (H.K.) Limited (太鋼不鏽香港有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of STSS, which is in turn a non wholly-owned subsidiary of Taiyuan Steel;
“Subscription”	the allotment and issuance by the Company and the subscription by the Subscriber of the Subscription Shares pursuant to the Subscription Agreement;

“Subscription Agreement”	the subscription agreement dated 20 March 2017 entered into between the Company and the Subscriber in relation to the subscription of 103,750,000 new Shares;
“Subscription Price”	HK\$3.50 per Share;
“Subscription Shares”	103,750,000 new Shares;
“subsidiary”	has the meaning ascribed to it in Section 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);
“Taiyuan Steel”	Taiyuan Iron & Steel (Group) Co., Ltd. (太原鋼鐵(集團)有限公司), a state-owned enterprise incorporated in the PRC and a substantial shareholder of the JVC;
“Trading Days”	a day on which dealings in the Shares on the Stock Exchange take place; and

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

Hong Kong, 20 March 2017

*As at the date of this announcement, the executive Directors are Mr. Zhou Keming, Ms. Xu Xia, Mr. Zou Xiaoping, Mr. Jiang Changhong, Mr. Tang Zhonghai, Dr. Fukui Tsutomu and Mr. Zhang Feng, the non-executive Director is Mr. Shen Dong; and the independent non-executive Directors are Prof. Hua Min, Mr. Chen Xuedong, Mr. Cheuk Wa Pang and Mr. Lu Daming.*