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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS			
	Six months ended 30 June		
	2024	2023	
	RMB'000	RMB'000	% change
Revenue	22,800,874	24,504,930	-7.0%
Gross profit	514,473	464,229	+10.8%
Total comprehensive income for the period	9,424	11,628	-19.0%
OPERATING HIGHLIGHTS			
	Six months ended 30 June		
	2024	2023	% change
Stainless steel			
Sales volume (tonnes)	965,145	956,613	+0.9%
Processing volume (tonnes)	1,524,910	1,547,745	-1.5%
Processing multiple (<i>note</i>)	1.58	1.62	
Carbon steel			
Sales volume (tonnes)	2,382,729	2,225,500	+7.1%
Processing volume (tonnes)	2,292,416	2,333,674	-1.8%
Processing multiple (<i>note</i>)	0.96	1.05	
<i>Note: Processing multiple = Processing volume/Sales volume</i>			

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 2024 together with comparative figures for the six months ended 30 June 2023, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		Six months ended 30 June	
		2024	2023
	Note	RMB'000	RMB'000
Revenue	6	22,800,874	24,504,930
Cost of sales	7	(22,286,401)	(24,040,701)
Gross profit		514,473	464,229
Other income		27,862	41,277
Other expenses		(1,275)	(1,888)
Distribution costs	7	(228,302)	(225,415)
Administrative expenses	7	(176,368)	(140,558)
Operating profit		136,390	137,645
Finance income	8	21,535	32,304
Finance costs	8	(143,834)	(151,615)
Finance costs – net	8	(122,299)	(119,311)
Profit before income tax		14,091	18,334
Income tax expense	9	(4,667)	(6,706)
Profit and total comprehensive income for the period		9,424	11,628
Attributable to:			
Equity holders of the Company		4,436	7,323
Non-controlling interests		4,988	4,305
		9,424	11,628
Earnings per share for profit attributable to equity holders of the Company during the period (expressed in RMB per share)			
– basic earnings per share	10	0.35 cents	0.57 cents
– diluted earnings per share	10	0.35 cents	0.57 cents

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		As at 30 June 2024 RMB'000	As at 31 December 2023 RMB'000
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment		5,261,622	5,200,514
Right-of-use assets		533,975	540,228
Investment properties		2,246	1,905
Intangible assets		22,206	23,937
Deferred income tax assets		174,618	170,022
Trade receivables and contract assets	12	20,790	13,878
Other non-current assets		16,342	36,141
		<u>6,031,799</u>	<u>5,986,625</u>
Current assets			
Inventories		4,552,575	3,952,758
Trade receivables and contract assets	12	493,432	462,592
Prepayments, deposits and other receivables		1,207,329	1,161,519
Financial assets at fair value through other comprehensive income		54,365	59,040
Restricted bank deposits		3,673,707	1,301,037
Cash and cash equivalents		316,516	265,311
		<u>10,297,924</u>	<u>7,202,257</u>
Total assets		<u><u>16,329,723</u></u>	<u><u>13,188,882</u></u>
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		109,041	109,041
Reserves		2,837,887	2,833,451
		<u>2,946,928</u>	<u>2,942,492</u>
Non-controlling interests		<u>343,744</u>	<u>338,756</u>
Total equity		<u><u>3,290,672</u></u>	<u><u>3,281,248</u></u>

		As at 30 June 2024 <i>RMB'000</i>	As at 31 December 2023 <i>RMB'000</i>
	<i>Note</i>		
LIABILITIES			
Non-current liabilities			
Borrowings		2,071,942	1,968,535
Deferred government grants		124,620	132,010
Deferred income tax liabilities		16,256	5,869
Lease liabilities		2,921	3,695
Long-term payables		26,112	32,939
		<u>2,241,851</u>	<u>2,143,048</u>
Current liabilities			
Trade payables	13	885,479	707,959
Accruals and other current liabilities		446,979	659,973
Contract liabilities		1,228,538	946,397
Current income tax liabilities		38,168	34,305
Borrowings		8,193,989	5,390,190
Lease liabilities		4,047	5,762
Dividends payable		–	20,000
		<u>10,797,200</u>	<u>7,764,586</u>
Total liabilities		<u>13,039,051</u>	<u>9,907,634</u>
Total equity and liabilities		<u>16,329,723</u>	<u>13,188,882</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Cash flows from operating activities		
Cash flows from operations	(46,620)	(392,600)
Interest received	21,535	32,304
Interest paid	(143,834)	(151,615)
Income tax paid	(10,665)	(43,862)
	<u>(179,584)</u>	<u>(555,773)</u>
Net cash used in operating activities		
	<u>(179,584)</u>	<u>(555,773)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(267,765)	(296,147)
Other investing cash flow	(15,982)	(45,037)
	<u>(283,747)</u>	<u>(341,184)</u>
Net cash used in investing activities		
	<u>(283,747)</u>	<u>(341,184)</u>
Cash flows from financing activities		
Net change in borrowings	2,907,206	1,779,068
Net change in restricted bank deposits	(2,372,670)	(994,570)
Dividend paid to non-controlling shareholders	(20,000)	(20,000)
Capital injection from non-controlling shareholders	–	4,144
	<u>514,536</u>	<u>768,642</u>
Net cash from financing activities		
	<u>514,536</u>	<u>768,642</u>
Net change in cash and cash equivalents	51,205	(128,315)
Cash and cash equivalents at beginning of the period	<u>265,311</u>	<u>406,856</u>
Cash and cash equivalents at end of the period	<u>316,516</u>	<u>278,541</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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 2024 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 unaudited condensed consolidated financial statements have not been reviewed by external auditors but have been reviewed by the Company's audit committee.

Going Concern

As at 30 June 2024, the Group's current liabilities exceeded its current assets by approximately RMB499,276,000. The Group meets its day-to-day working capital requirements mainly through its bank borrowings and facilities with banks in the PRC and Hong Kong that are refinanced and/or renewed every twelve months. In preparing this financial statements, the directors of the Company have considered the Group's available sources of funds as follows:

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

Having considered the above, the directors of the Company believe that the Group has adequate resources to continue operation for the foreseeable future of not less than twelve months from period end date of these financial statements. The directors, therefore, are of the opinion that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

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 2023, 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 earnings.

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual financial period commencing 1 January 2024:

		Effective for annual periods beginning on or after
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2024
HKAS 1 (Amendments)	Non-current liabilities with covenants	1 January 2024
HK Int 5 (Revised)	Presentation of Financial Statements-Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
HKFRS 16 (Amendments)	Lease liability in sale and leaseback	1 January 2024
HKAS 7 and HKFRS 7 (Amendments)	Supplier finance arrangements	1 January 2024

The adoption of the amendments to HKAS 7 and HKFRS 7 will result in the Group providing more disclosures about these arrangements in the consolidated financial statements for the year ending 31 December 2024. The new disclosures are not required to be provided in the 2024 interim report.

Except for those as mentioned above, the Group did not change its accounting policies or make retrospective adjustments as a result of adopting the abovementioned amended standards or revised interpretation.

(b) New and amended standards not yet effective for the current reporting period

The following new interpretations and amendments to standards and interpretations have been issued but were not mandatory for interim reporting periods ended on 30 June 2024 and have not been early adopted by the Group:

Standards	Key requirements	Effective for annual periods beginning on or after
HKAS 21 (Amendments)	Lack of Exchangeability	1 January 2025
HKFRS 18 (Amendments)	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19 (Amendments)	Subsidiaries without Public Accountability: Disclosures	1 January 2027
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between and Investor and its Associate or Joint Venture	To be determined

The Group is assessing the full impact of the new standards, new interpretations and amendments to standards and interpretations.

4. ESTIMATES

The preparation of unaudited 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 unaudited 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 2023.

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 unaudited 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 2023.

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. REVENUE AND SEGMENT INFORMATION

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

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Mainland China	22,229,800	23,778,486
Hong Kong and other overseas countries and regions (i)	571,074	726,444
Total sales	22,800,874	24,504,930

- (i) Other overseas countries and regions mainly represented Australia, United States of America, South Korea, Japan, Europe, South America and Southeast Asia.

The segment results for the six months ended 30 June 2024:

	Processing <i>RMB'000</i>	Manufacturing <i>RMB'000</i>	Elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Sales to external customers	22,092,241	708,633	–	22,800,874
Intra-group sales	<u>357,210</u>	<u>56,232</u>	<u>(413,442)</u>	<u>–</u>
Segment revenue	<u><u>22,449,451</u></u>	<u><u>764,865</u></u>	<u><u>(413,442)</u></u>	<u><u>22,800,874</u></u>
Segment results	117,652	(7,811)	(38)	109,803
Other income and expenses				26,587
Finance costs – net				<u>(122,299)</u>
Profit before income tax				14,091
Income tax expense				<u>(4,667)</u>
Profit for the period				<u><u>9,424</u></u>

Items included in profit and loss:

Depreciation and amortisation	<u><u>162,892</u></u>	<u><u>60,201</u></u>	<u><u>–</u></u>	<u><u>223,093</u></u>
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The segment results for the six months ended 30 June 2023:

	Processing <i>RMB'000</i>	Manufacturing <i>RMB'000</i>	Elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Sales to external customers	23,896,688	608,242	–	24,504,930
Intra-group sales	<u>337,528</u>	<u>69,020</u>	<u>(406,548)</u>	<u>–</u>
Segment revenue	<u><u>24,234,216</u></u>	<u><u>677,262</u></u>	<u><u>(406,548)</u></u>	<u><u>24,504,930</u></u>
Segment results	143,977	(31,145)	(14,576)	98,256
Other income and expenses				39,389
Finance costs – net				<u>(119,311)</u>
Profit before income tax				18,334
Income tax expense				<u>(6,706)</u>
Profit for the period				<u><u>11,628</u></u>

Items included in profit and loss:

Depreciation and amortisation	<u><u>156,032</u></u>	<u><u>55,098</u></u>	<u><u>–</u></u>	<u><u>211,130</u></u>
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7. EXPENSES BY NATURE

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

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Changes in inventories of finished goods	156,836	60,003
Raw materials consumed	21,515,055	23,263,492
Stamp duty, property tax and other surcharges	43,915	46,194
Transportation costs	121,920	126,951
Employee benefit expenses, including directors' emoluments	512,020	479,615
Depreciation and amortisation	223,093	211,130
Operating lease rental for buildings	4,605	3,999
Utilities charges	42,882	43,746
(Reversal of)/provision for write-down of inventories	(70,223)	9,163
Entertainment and travelling expenses	23,739	26,286
Professional service expenses	5,193	5,751
Others	112,036	130,344
	<u>22,691,071</u>	<u>24,406,674</u>

8. FINANCE COSTS – NET

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Interest expenses on bank borrowings	98,061	114,562
Interest expenses on bank/commercial acceptance notes and letters of credit	53,725	47,084
Exchange gain, net	(7,952)	(10,031)
	<u>143,834</u>	<u>151,615</u>
Total finance costs	143,834	151,615
Interest income	(21,535)	(32,304)
	<u>122,299</u>	<u>119,311</u>

9. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Current income tax expense		
– Mainland China corporate income tax	20,798	13,520
Deferred income tax expense	(16,131)	(6,814)
	<u>4,667</u>	<u>6,706</u>

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of Cayman Islands and, accordingly, is exempted from payment of Cayman Islands income tax.

The subsidiary incorporated in British Virgin Islands under the International Business Companies Acts of the British Virgin Islands is exempted from payment of British Virgin Islands income tax.

Subsidiaries incorporated in Hong Kong are subject to income tax at the prevailing rates of 16.5% (2023: 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. All of the subsidiaries of the Group in Mainland China are subject to corporate income tax rate of 25% (2023: 25%), except for certain subsidiaries which are entitled to certain preferential income tax rates of 15% to 20%.

10. 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 period.

	Six months ended 30 June	
	2024	2023
Profit attributable to equity holders of the Company (RMB'000)	4,436	7,323
Weighted average number of ordinary shares in issue (thousands)	1,274,528	1,274,528
Basic earnings per share (RMB)	0.35 cents	0.57 cents

(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. The potential ordinary shares were not included in the calculation of diluted earnings per share as their inclusion would be anti-dilutive. Accordingly, diluted earnings per share for the six months ended 30 June 2024 and 2023 are the same as basic earnings per share for the period.

11. INTERIM DIVIDENDS

The board of directors does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2024 (2023: nil).

12. TRADE RECEIVABLES AND CONTRACT ASSETS

	As at 30 June 2024			As at 31 December 2023		
	Current <i>RMB'000</i>	Non- Current <i>RMB'000</i>	Total <i>RMB'000</i>	Current <i>RMB'000</i>	Non- Current <i>RMB'000</i>	Total <i>RMB'000</i>
Contract assets	41,026	21,100	62,126	37,392	14,085	51,477
Accounts receivable	476,307	–	476,307	444,204	–	444,204
Notes receivable						
– bank acceptance notes	–	–	–	5,000	–	5,000
	517,333	21,100	538,433	486,596	14,085	500,681
Less: provision for impairment	(23,901)	(310)	(24,211)	(24,004)	(207)	(24,211)
	<u>493,432</u>	<u>20,790</u>	<u>514,222</u>	<u>462,592</u>	<u>13,878</u>	<u>476,470</u>

The carrying amounts of trade receivables and contract assets approximate their fair value as at the balance sheet date.

The majority of the Group's sales are made on (i) cash on delivery, (ii) bank or commercial acceptance notes with maturity within 1 year, and (iii) credit terms within 180 days. The aging analysis of trade receivables was as follows:

	As at 30 June 2024 <i>RMB'000</i>	As at 31 December 2023 <i>RMB'000</i>
Accounts receivable		
– within 30 days	341,588	243,898
– 30 days to 3 months	43,942	74,754
– 3 months to 6 months	21,963	43,183
– 6 months to 1 year	21,986	53,250
– 1 year to 2 years	37,774	15,700
– over 2 years	9,054	13,419
	476,307	444,204
Notes receivable		
– within 1 year	–	5,000
	476,307	449,204

13. TRADE PAYABLES

	As at 30 June 2024 <i>RMB'000</i>	As at 31 December 2023 <i>RMB'000</i>
Accounts payable	785,479	647,959
Notes payable	100,000	60,000
	885,479	707,959

The ageing analysis of the trade payable was as follows:

	As at 30 June 2024 <i>RMB'000</i>	As at 31 December 2023 <i>RMB'000</i>
Within 6 months	862,288	688,721
6 months to 1 year	15,909	12,951
1 year to 2 years	6,128	6,184
More than 2 years	1,154	103
	885,479	707,959

BUSINESS REVIEW

Processing centres

We are a leading provider of metal materials and components processing and high-end equipment manufacturing services. Through our ten processing centres and one manufacturing base in China, we provide professional and customised metal materials processing and components and equipment manufacturing services to over 70,000 customers in a wide range of industries. The products of our high-end equipment manufacturing segment mainly include large-scale structural parts and containers, as well as precision sheet metal parts.

As a professional metal solutions provider, the Company facilitates the connection between upstream metal manufacturers and downstream end-user enterprises. Metal materials with different specifications and models are provided by the upstream manufacturers, from which the Company purchases metal materials in bulk. The Company also carries out high-precision and customised material processing (in terms of size, shape, surface processing, etc.) and the manufacturing and sale of various components and high-end equipment in line with customers' needs. Upholding the "customer-centric" philosophy, the Company is committed to offering the downstream customers cost-effective and high-quality materials and manufacturing services together with fast delivery.

Thanks to our profound experience in equipment and technology application, the Company has the capacity to provide a complete range of processing and manufacturing services for the manufacturing industry. Our processing services cover the whole manufacturing process, including trimming, polishing, cutting, forming, pre-grooving, welding, heat treating, machinery, painting and assembling. Leveraging a variety of automated processing equipment and its capabilities to provide one-stop professional processing and manufacturing services, the Company saves time, manpower, costs and the needs of capital investment for our downstream customers. These merits enable the downstream customers to significantly reduce their investment in highly-utilised and cost-effective equipment, and hence to save their overall manufacturing costs. Such industry dynamics and business model have opened up a niche market for metal processing and manufacturing service providers.

The market for metal materials is tremendous. Take steel as an example, according to the statistics of the World Steel Association, the world's total apparent consumption of steel reached 1,763 million tonnes in 2023, of which China recorded an apparent consumption of approximately 896 million tonnes. The statistics back up the Company with a solid market base for its metal materials and components processing services and high-end equipment manufacturing business. In the meantime, the decentralised end-market demand has largely mitigated the impact of the cyclicity of different end-markets on the Company's performance and hence contributed to the stable growth of the Company's results. Moreover, capitalising on our extensive customer base and increasing customer reliance, the Company has established long-term and secure relationships with our upstream suppliers. Together with its diversified metal processing and product manufacturing capabilities, flexible processing scheduling, solid inventory management, reliable and just-in-time delivery, adjustable requirements for minimum order scale and outperforming quality control, the Company has managed to maintain our results and performance as an industry leader.

The Company strives to improve our profitability through continuous improvements in customer service, operational efficiency, technological innovation, inventory management and the adoption of higher standards of processing and manufacturing services. In recent years, since our existing and potential customers demand higher standards of metal processing and manufacturing services, the Company has boosted its investment in advanced processing equipment and technology to further enhance its processing and manufacturing service capacity, which also helps to raise the price of its products. The Company has also improved its operational efficiency through measures such as the intelligent transformation of certain equipment and optimisation of logistics services. In addition, the Company has invested in key regions to expand its production capacity, further heightening its regional competitiveness and contributing to the implementation of its overall growth strategy.

Projects highlights

1. **The First Set Of Flsmidth’s CE-certified Smelting Cooling Kiln Manufactured By Daming Was Successfully Shipped**

The first set of Flsmidth’s CE-certified Smelting Cooling Kiln manufactured by Daming Heavy Industry was successfully shipped to Finland, marking a brand-new step for Daming in the field of high-end equipment manufacturing in mines.

2. **The OKI-2 Export Project Undertaken By Daming Heavy Industry Was Successfully Shipped To Indonesia, Marking The Maturity Of Daming’s Prefabricated Tank Equipment Export Service Capability**

The OKI-2 Project undertaken by Daming Heavy Industry Process Equipment Branch successfully obtained mass shipment, which would be shipped to Indonesia, marking that Daming Heavy Industry is increasingly mature in the export of prefabricated tank equipment.

3. **The PVC Export Project In Qatar Served By Daming Heavy Industry Was Successful Delivered**

This is another milestone in Daming’s development of the Middle East market after serving the InoChem Sodium Carbonate and Calcium Chloride Project in Saudi Arabia.

4. **Heavyweight Project! Daming Served “Belt and Road Initiative”**

Daming Jingjiang Processing Centre received a heavyweight order for exporting to the Democratic Republic of the Congo (the “DRC”), which is a storage tank order commissioned by the customer again after the successful delivery of the first phase of the project in 2022, which not only demonstrates the international competitiveness and influence of Chinese manufacturing, but also injects a new impetus into the development of the copper cathode concentrate industry in the DRC.

5. **Jiangsu Daming High Quality Service For Stainless Steel Export Project**

Machine Processing Division of Jiangsu Daming processed a batch of stainless steel products for export to America for a domestic customer. The products went through the process of cutting, bending, shaping, welding, sandblasting, machine processing, 3D-coordinate measuring, etc., and gained full recognition from the customer.

Operating results

The Group recorded a net profit of approximately RMB9.4 million for the six months ended 30 June 2024 representing a decrease of approximately 19.0% as compared with the net profit of approximately RMB11.6 million for the six months ended 30 June 2023.

The sales volume of our stainless steel processing business increased from approximately 957,000 tonnes for the six months ended 30 June 2023 to approximately 965,000 tonnes for the six months ended 30 June 2024 representing an increase of approximately 0.9%. The processing volume decreased from approximately 1,548,000 tonnes for the six months ended 30 June 2023 to approximately 1,525,000 tonnes for the six months ended 30 June 2024 representing a decrease of approximately 1.5%.

The sales volume of our carbon steel processing business increased from approximately 2,226,000 tonnes for the six months ended 30 June 2023 to approximately 2,383,000 tonnes for the six months ended 30 June 2024 representing an increase of approximately 7.1%. The processing volume decreased from approximately 2,334,000 tonnes for the six months ended 30 June 2023 to approximately 2,292,000 tonnes for the six months ended 30 June 2024 representing a decrease of approximately 1.8%.

The sales volume and processing volume of our processing centres for the six months ended 30 June 2024 and the corresponding period in 2023 were as follows:

Stainless steel

	Six months ended 30 June		<i>% change</i>
	2024	2023	
	<i>tonnes</i>	<i>tonnes</i>	
Sales volume			
Wuxi	399,492	395,970	+0.9%
Hangzhou	117,473	118,364	-0.8%
Tianjin	119,344	128,477	-7.1%
Taiyuan	71,753	70,169	+2.3%
Wuhan	49,871	45,566	+9.4%
Jingjiang	81,214	79,912	+1.6%
Shandong	79,767	72,105	+10.6%
Jiaying	46,231	46,050	+0.4%
	<hr/>	<hr/>	
Total	965,145	956,613	+0.9%
	<hr/> <hr/>	<hr/> <hr/>	
Processing volume			
Wuxi	682,331	677,640	+0.7%
Hangzhou	144,938	148,610	-2.5%
Tianjin	118,939	134,257	-11.4%
Taiyuan	239,900	256,260	-6.4%
Wuhan	62,051	56,304	+10.2%
Jingjiang	135,683	157,823	-14.0%
Shandong	76,200	69,695	+9.3%
Jiaying	64,868	47,156	+37.6%
	<hr/>	<hr/>	
Total	1,524,910	1,547,745	-1.5%
	<hr/> <hr/>	<hr/> <hr/>	

Carbon steel

	Six months ended 30 June		% change
	2024 <i>tonnes</i>	2023 <i>tonnes</i>	
Sales volume			
Wuxi	415,351	387,966	+7.1%
Hangzhou	38,614	89,999	-57.1%
Tianjin	274,021	282,714	-3.1%
Taiyuan	186,129	142,808	+30.3%
Wuhan	303,809	313,732	-3.2%
Jingjiang	450,886	452,452	-0.3%
Shandong	308,304	282,393	+9.2%
Jiaxing	405,615	273,436	+48.3%
Total	<u>2,382,729</u>	<u>2,225,500</u>	+7.1%
Processing volume			
Wuxi	357,602	333,968	+7.1%
Hangzhou	37,251	7,418	+402.2%
Tianjin	240,225	291,044	-17.5%
Taiyuan	185,448	170,113	+9.0%
Wuhan	296,638	361,605	-18.0%
Jingjiang	523,334	537,319	-2.6%
Shandong	276,299	288,414	-4.2%
Jiaxing	375,619	343,793	+9.3%
Total	<u>2,292,416</u>	<u>2,333,674</u>	-1.8%

FINANCIAL REVIEW AND ANALYSIS

During the six months ended 30 June 2024, we recorded a revenue of approximately RMB22,801 million, gross profit of approximately RMB514 million and profit attributable to equity holders of the Company of approximately RMB4 million. Total assets of the Group as at 30 June 2024 amounted to approximately RMB16,330 million while equity attributable to equity holders of the Company amounted to approximately RMB2,947 million.

Revenue

Our revenue for the six months ended 30 June 2024 amounted to approximately RMB22,801 million comprising approximately RMB22,092 million from our processing business and approximately RMB709 million from our manufacturing business. As compared with the revenue for the six months ended 30 June 2023 of approximately RMB24,505 million, it represented a decrease of approximately 7.0%.

The sales volume of our stainless steel processing business increased from 956,613 tonnes for the six months ended 30 June 2023 to 965,145 tonnes for the six months ended 30 June 2024 representing an increase of approximately 0.9%. The sales volume of our carbon steel processing business increased from 2,225,500 tonnes for the six months ended 30 June 2023 to 2,382,729 tonnes for the six months ended 30 June 2024 representing an increase of approximately 7.1%.

The processing volume of our stainless steel processing business decreased from 1,547,745 tonnes for the six months ended 30 June 2023 to 1,524,910 tonnes for the six months ended 30 June 2024 representing a decrease of approximately 1.5%. The processing volume of our carbon steel processing business decreased from 2,333,674 tonnes for the six months ended 30 June 2023 to 2,292,416 tonnes for the six months ended 30 June 2024 representing a decrease of approximately 1.8%.

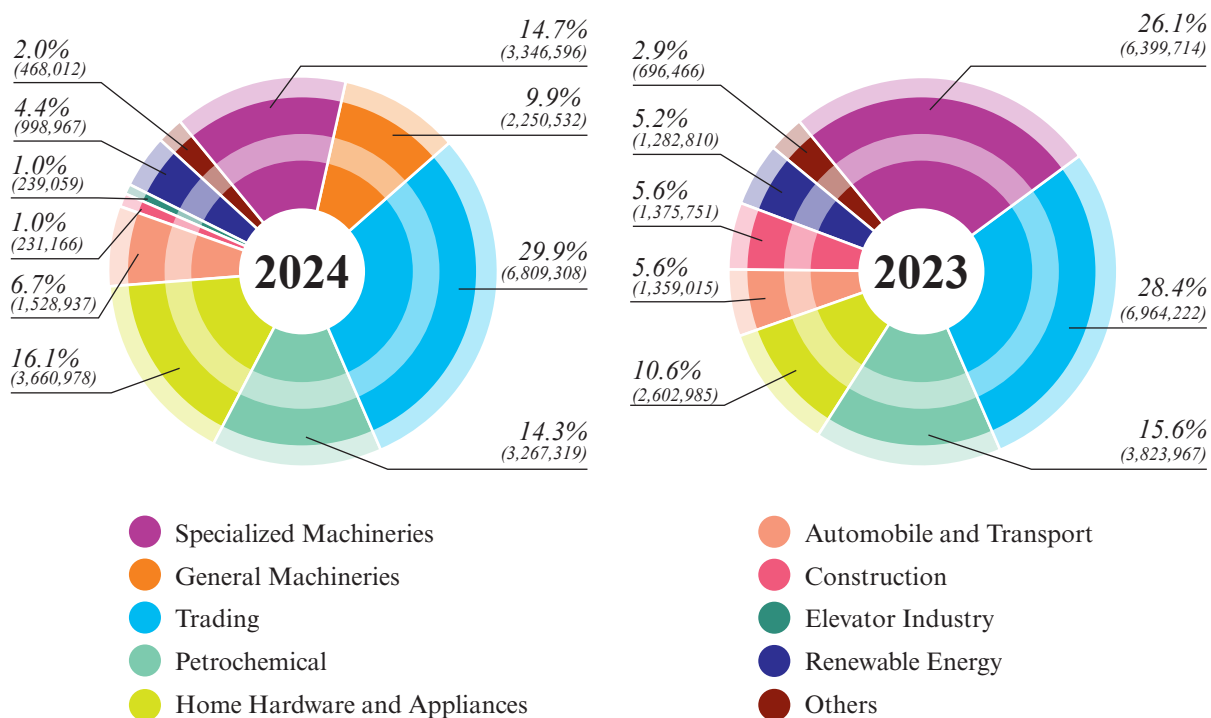
Analysis of revenue by key industry segments

During the six months ended 30 June 2024 and the corresponding period in 2023, our revenue by key industry segments were shown below:

Revenue

Industry	Six months ended 30 June			
	2024		2023	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Specialized Machineries	3,346,596	14.7	6,399,714	26.1
General Machineries	2,250,532	9.9	–	–
Trading	6,809,308	29.9	6,964,222	28.4
Petrochemical	3,267,319	14.3	3,823,967	15.6
Home Hardware and Appliances	3,660,978	16.1	2,602,985	10.6
Automobile and Transport	1,528,937	6.7	1,359,015	5.6
Construction	231,166	1.0	1,375,751	5.6
Elevator Industry	239,059	1.0	–	–
Renewable Energy	998,967	4.4	1,282,810	5.2
Others	468,012	2.0	696,466	2.9
Total	<u>22,800,874</u>	<u>100.0</u>	<u>24,504,930</u>	<u>100.0</u>

RMB'000

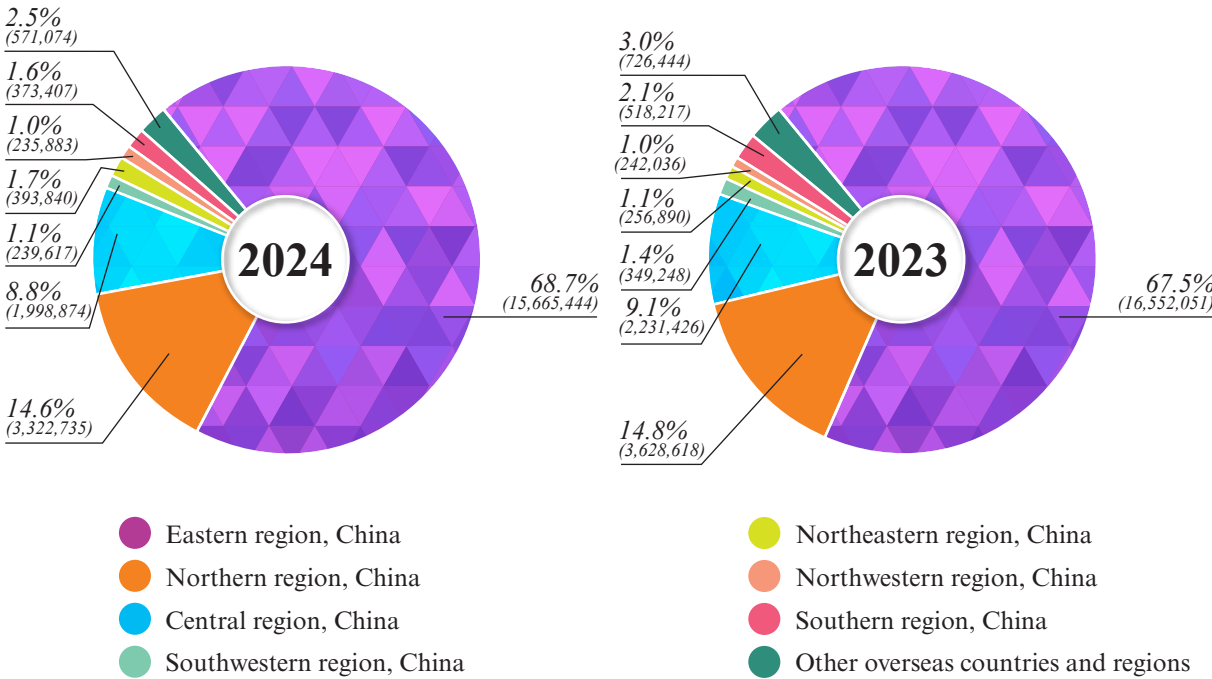


Analysis of revenue by geographical regions

During the six months ended 30 June 2024 and the corresponding period in 2023, our revenue by geographical regions were shown below:

Region	Six months ended 30 June 2024		2023	
	RMB'000	%	RMB'000	%
Eastern region, China	15,665,444	68.7	16,552,051	67.5
Northern region, China	3,322,735	14.6	3,628,618	14.8
Central region, China	1,998,874	8.8	2,231,426	9.1
Southwestern region, China	239,617	1.1	349,248	1.4
Northeastern region, China	393,840	1.7	256,890	1.1
Northwestern region, China	235,883	1.0	242,036	1.0
Southern region, China	373,407	1.6	518,217	2.1
Overseas	571,074	2.5	726,444	3.0
Total	22,800,874	100.0	24,504,930	100.0

RMB'000



Gross profit

Gross profit increased from approximately RMB464.2 million for the six months ended 30 June 2023 to approximately RMB514.5 million for the six months ended 30 June 2024. There was a material decrease in the market price of stainless steel during the six months ended 30 June 2023 while the market price was relatively stable during the six months ended 30 June 2024. Therefore, the gross profit improved accordingly.

Other income

Other income decreased from approximately RMB41.3 million for the six months ended 30 June 2023 to approximately RMB27.9 million for the six months ended 30 June 2024 mainly due to the decrease in government grants received during the current period.

Distribution costs

Distribution costs increased slightly from approximately RMB225.4 million for the six months ended 30 June 2023 to approximately RMB228.3 million for the six months ended 30 June 2024. Such increase was mainly due to the increase in employee benefit expenses.

Administrative expenses

Administrative expenses increased from approximately RMB140.6 million for the six months ended 30 June 2023 to approximately RMB176.4 million for the six months ended 30 June 2024. Such increase was mainly due to the increase in employee benefit expenses.

Finance costs

Finance costs increased from approximately RMB119.3 million for the six months ended 30 June 2023 to approximately RMB122.3 million for the six months ended 30 June 2024. Such increase was mainly due to the decrease in interest income received.

Income tax expense

The income tax expense decreased from approximately RMB6.7 million for the six months ended 30 June 2023 to approximately RMB4.7 million for the six months ended 30 June 2024 due to the decrease in profit.

Profit for the period

The Group recorded a net profit of approximately RMB9.4 million for the six months ended 30 June 2024 as compared with a net profit of approximately RMB11.6 million for the six months ended 30 June 2023.

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, Euro, Hong Kong Dollar and Japanese Yen, which are exposed to foreign currency translation risk.

The 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 2024, the borrowings of the Group amounted to approximately RMB10,266 million. Notes payable amounted to approximately RMB100 million while the bank balances were approximately RMB3,990 million of which approximately RMB3,674 million were restricted bank deposits for bank financing facilities for issuing letter of credit and notes payable.

As at 30 June 2024, the Group recorded a net current liabilities of approximately RMB499 million.

The gearing ratios as at 30 June 2024 and 31 December 2023 were 75.15% and 68.37% 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 2024, the Group did not have any material contingent liabilities.

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 C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the six months ended 30 June 2024. The Company adopted the CG Code as its own code of corporate governance.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (2023: 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 2024.

REVIEW OF INTERIM RESULTS

The Audit Committee of the Company has discussed with the management and reviewed the unaudited interim results, including the unaudited condensed consolidated financial statements, of the Group for the six months ended 30 June 2024 and considered that the Company has complied with all applicable accounting standards and requirements.

INTERIM REPORT

The 2024 Interim Report will be dispatched to shareholders of the Company and will be available on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.dmssc.net) in due course.

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

Hong Kong, 28 August 2024

As at the date of this announcement, the executive Directors are Mr. Zhou Keming (Chairman), Ms. Xu Xia, Mr. Zou Xiaoping, Mr. Zhang Feng, Mr. Qian Li, Mr. Ni Chen, Mr. Liang Zongren and and Mr. Chen Ning; the non-executive Directors are Mr. Lu Jian and Mr. Zhu Baomin; and the independent non-executive Directors are Mr. Cheuk Wa Pang, Prof. Hua Min, Mr. Hu Xuefa, Prof. Chen Xin and Mr. Wang Liuqi.