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Daqing Dairy Holdings Limited
大慶乳業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1007)

**UPDATE ON RECENT DEVELOPMENT OF SUSPENSION
AND
RESIGNATION OF EXECUTIVE DIRECTOR**

The Board would like to provide a further update to the Shareholders regarding the latest development concerning the Suspension.

The Board would also like to announce that Mr Fu Chong has tendered his resignation as an Executive Director with effect from 1 October 2012.

UPDATE ON RECENT DEVELOPMENT OF SUSPENSION

Reference is made to the announcement of Daqing Dairy Holdings Limited (the “**Company**”) dated 22 March 2012 regarding the suspension (the “**Suspension**”) of the Company and the announcements of the Company dated 20 June 2012 and 20 July 2012 (the “**Announcements**”) in relation to, inter alia, the appointments of independent non-executive directors (“**INEDs**”), auditors and financial adviser of the Company.

The board of directors of the Company (the “**Board**”) wishes to provide a further update to the shareholders (the “**Shareholders**”) of the Company regarding the latest development concerning the Suspension.

As disclosed in the Announcements, the Board has identified two potential candidates, namely Mr Zhao Yun Yong and Ms Wen Shu Ling, to act as the INEDs. However, as at the date of this announcement, a consensus on the terms of the respective service agreements has not yet been reached between the Company and the respective INEDs. Hence, the Board is still in the course of identifying other potential candidates for the positions of INED with a view to constituting the audit committee as soon as possible. Regarding the appointment of auditors and financial adviser, the Board would appoint the suitable professional advisers to act as the same once the audit committee is constituted.

Nevertheless, in order to enhance transparency to the Shareholders and the public investors, the Company will publish periodic announcement on a monthly basis to update the market on the progress of the respective appointments and other remedial actions taken to achieve trading resumption as and when appropriate.

RESIGNATION OF EXECUTIVE DIRECTOR

In view of the recent development of the Company, Mr Fu Chong (“**Mr Fu**”) expresses that he is unable to meet the business requirements of the Company and is no longer able to carry out his duties fully and that, in the circumstances, it would be in the interest of the Company and himself to resign as an executive director (“**Executive Director**”) and chief operating officer (“**Chief Operating Officer**”) of the Company. The Board has accepted the resignation of Mr Fu as an Executive Director and Chief Operating Officer with effect from 1 October 2012 (the “**Effective Date**”).

In connection with the resignation of Mr Fu, the Company entered into a termination agreement (the “**ED Termination Agreement**”) with Mr Fu on 28 September 2012 to terminate his service agreement with the Company dated 10 October 2010 (the “**Service Agreement**”) with effect from the Effective Date.

Pursuant to the ED Termination Agreement, Mr Fu has confirmed that:

- (a) save and except for a continuation of his rights to indemnification under Article 164 of the Company’s articles of association which the parties to the ED Termination Agreement have agreed to apply to matters relating to the period during which the Executive Director was a director of the Company, he has no claims whatsoever against the Company, whether under the Service Agreement or howsoever arising;

- (b) he is not aware of any breach of the Service Agreement by the Company;
- (c) the Company has no outstanding amount whatsoever due to him under the Service Agreement or howsoever arising;
- (d) the terms of the ED Termination Agreement are without any admission by the Company of liability and in full and final settlement of all claims (if any), whether contractual, statutory or otherwise and whether contemplated or not, he has or may have against the Company and its associates arising out of or in connection with his Service Agreement or the ED Termination Agreement, including (without limitation) under the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), all of which claims (if any) are, subject to paragraph (a) above, absolutely and irrevocably released; and
- (e) he has no disagreement with the Board and there is no other matter relating to his resignation that needs to be brought to the attention of the Shareholders or, in so far as the resigning Executive Director is concerned, in relation to any claims which are brought by the Company pursuant to the Service Agreement.

Pending the identification of suitable candidate following the resignation of Mr Fu, the Board would like to announce that Mr Wang De Lin will act as the Interim Chief Operating Officer (in addition to his role as Chief Executive Officer) of the Company with effect from the Effective Date.

By order of the Board
Daqing Dairy Holdings Limited
Zhao Yu
Chairman

Hong Kong, 28 September 2012

As at the date of this announcement, the executive directors of the Company are Mr Zhao Chuan Wen, Mr Zhao Yu, Mr Xia Yuan Jun., Mr Fong Pin Jan, Mr. Fu Chong and Mr Wang De Lin.