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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 ANNOUNCEMENT
IN RELATION TO
THE SUSPENSION OF TRADING

On 22 March 2012, trading in the Shares was suspended pending the release of an announcement in relation to the resignation of the auditors which is price sensitive in nature.

On 6 November 2012, the Company received a Letter from the Stock Exchange informing the Company the resumption conditions being imposed on the Company.

The Company is working towards the fulfillment of such resumption conditions imposed by the Stock Exchange and further announcement(s) will be made by the Company when any major new developments take place.

Trading in the Shares will continue to be suspended until further notice. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

BACKGROUND INFORMATION

On 22 March 2012, trading in the shares (the “Shares”) of Daqing Dairy Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) was suspended pending the release of an announcement in relation to the resignation of the auditors of the Company which is price sensitive in nature.

References are made to the announcement of the Company dated 22 March 2012 regarding the suspension (the “Suspension”) of the Shares, the announcement of the Company dated 29 March 2012 in relation to, among others, resignation of auditors of the Company and delay in publication of the annual results and despatch of annual report for the year ended 31 December 2011, the announcement of the Company dated 13 April 2012 in relation to, among others, composition of independent review committee (“IRC”) and appointment of financial adviser, the announcement of the Company dated 7 May 2012 in relation to appointment of independent professional adviser, the announcement of the Company dated 20 June 2012 in relation to, among others, dissolution of the IRC and resignation of independent non-executive directors (“INEDs”), and the announcements of the Company dated 20 July 2012, 28 September 2012 and 30 October 2012 in relation to the development of the Suspension.

RESUMPTION CONDITIONS

On 6 November 2012, the Company received a letter (the “Letter”) from The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) informing the Company the resumption conditions being imposed on the Company, details of which are set out as follows:

1. The Company shall engage an independent forensic specialist acceptable to the Stock Exchange to conduct forensic investigation on the concerns raised by Deloitte Touche Tohmatsu, the former auditors of the Company, including certain potentially fraudulent transactions of the Company (the “Matters”) as disclosed in the announcement of the Company dated 29 March 2012;
2. The Company shall inform the market of all information in relation to the Matters that is necessary for the shareholders (the “Shareholders”) of the Company and the public to appraise the position of the Group, including their implications to the Group’s assets, financial and operational positions;
3. The Company shall demonstrate that there is no reasonable regulatory concern about management integrity which will pose a risk to investors and damage market confidence;
4. The Company shall publish all outstanding financial results and reports and address any concerns raised by the Company’s auditors in their report; and
5. The Company shall demonstrate that the Company has put in place adequate financial reporting procedures and internal control systems to meet its obligations under the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The Letter further states that the Company must also comply with the Listing Rules and all applicable laws and regulations in Hong Kong and its place of incorporation prior to resumption of trading in the Shares. The Stock Exchange may modify any of the above resumption conditions and/or impose further conditions if the situation changes.

As at the date of this announcement, the Company is yet to publish its financial results and reports for the year ended 31 December 2011 and the six months ended 30 June 2012.

Shareholders should note that the Matters alleged by the former auditors of the Company are subject to further investigations to be conducted by the independent forensic specialist to be engaged by the Company.

EFFORTS TOWARDS RESUMPTION OF TRADING IN SHARES

The Company is working towards the fulfillment of the above resumption conditions imposed by the Stock Exchange.

The board of the directors of the Company (the “Board”) is currently focusing its efforts to appoint the INEDs and to reconstitute the audit committee (the “Audit Committee”) of the Company. The Company expects that once the Audit Committee is constituted, the Audit Committee will decide on a suitable forensic specialist to conduct the forensic investigation on the Matters. Amongst other matters, the Audit Committee will also decide on the appointment of auditors and financial adviser of the Company, such appointments will be made as soon as reasonably practicable with the concurrence of the Audit Committee once it is constituted. Further announcement(s) will be made by the Company when any major new developments take place.

CONTINUED SUSPENSION OF TRADING IN SHARES

Trading in the Shares will continue to be suspended until further notice. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

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

Hong Kong, 9 November 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 and Mr Wang De Lin.