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Radiant State Limited

*(Incorporated in the British Virgin Islands
with limited liability)*

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)

JOINT ANNOUNCEMENT

**(1) ACQUISITION OF CONTROLLING INTEREST IN
DAQING DAIRY HOLDINGS LIMITED BY RADIANT STATE LIMITED;**

AND

(2) UNCONDITIONAL MANDATORY CASH OFFERS BY



KINGSTON SECURITIES LTD.

ON BEHALF OF

RADIANT STATE LIMITED

FOR ALL THE ISSUED SHARES IN

DAQING DAIRY HOLDINGS LIMITED

(OTHER THAN THOSE SHARES ALREADY OWNED

BY RADIANT STATE LIMITED

AND PARTIES ACTING IN CONCERT WITH IT)

AND

FOR THE CANCELLATION OF ALL OUTSTANDING SHARE OPTIONS

Financial Adviser to Radiant State Limited



KINGSTON CORPORATE FINANCE LTD.

INTRODUCTION

On 8 February 2013, Mr. Zhao and the Offeror entered into the Sale and Purchase Agreement (as supplemented and rectified by the Supplemental Agreement dated 11 March 2013) pursuant to which Mr. Zhao agreed to sell and the Offeror agreed to purchase the Sale Shares, representing approximately 52.16% of the entire issued share capital of the Company at the Consideration of HK\$52,704,000 in cash, representing HK\$0.1 per Sale Share. Completion took place on 8 February 2013.

UNCONDITIONAL MANDATORY CASH OFFERS

Upon Completion and as at the date of this joint announcement, the Offeror and parties acting in concert with it are interested in 527,040,000 Shares, representing approximately 52.16% of the entire issued share capital of the Company. Pursuant to Rule 26.1 and Rule 13 of the Takeovers Code, the Offeror is required to make an unconditional mandatory general offer in cash for all the issued Shares other than those already owned by the Offeror and parties acting in concert with it and an appropriate offer to cancel all the outstanding Share Options.

Kingston Securities will, on behalf of the Offeror, make the Offers, which are unconditional in all respects in compliance with the Takeovers Code, at HK\$0.1 per Offer Share, which is the same as the price per Sale Share paid by the Offeror to the Vendor under the Sale and Purchase Agreement and at HK\$0.0001 for each outstanding Share Option. Kingston Corporate Finance, being the financial adviser to the Offeror in respect of the Offers, is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptances of the Offers.

On the basis of the Share Offer Price of HK\$0.1 per Offer Share and 1,010,500,000 Shares in issue as at the date of this joint announcement, the entire issued share capital of the Company is valued at approximately HK\$101.05 million. Excluding 527,040,000 Sale Shares having been acquired by the Offeror pursuant to the Sale and Purchase Agreement, 483,460,000 Shares will be subject to the Share Offer. Assuming there is no change in the issued share capital of the Company prior to the making of the Offers, the Share Offer is valued at approximately HK\$48.35 million. Based on the offer price of HK\$0.0001 for the cancellation of each outstanding Share Option and 12,000,000 outstanding Share Options, the Option Offer is valued at HK\$1,200.

Accordingly, the aggregate value of the Offers is approximately HK\$48.35 million.

GENERAL

Independent Board Committee

The Company has established the Independent Board Committee comprising the sole independent non-executive Director who has no direct or indirect interest in the Offers, namely Mr. Chiang Chi Kin Stephen, to advise the Independent Shareholders and Option Holders in relation to the terms and conditions of the Offers, in particular as to whether the Offers are, or are not, fair and reasonable and as to the acceptance of the Offers.

Independent Financial Adviser

The Independent Financial Adviser will be appointed by the Company after approval by the Independent Board Committee to advise the Independent Board Committee in respect of the Offers and in particular as to whether the Offers are, or are not, fair and reasonable and as to the acceptance of the Offers. Further announcement will be made regarding the appointment of the Independent Financial Adviser as soon as practicable.

Despatch of the offer document and the offeree board circular

Pursuant to Rule 8.2 of the Takeovers Code, the Offeror is required to despatch the offer document containing the terms of the Offers, together with the forms of acceptance and transfer, to the Shareholders and the Option Holders within 21 days of the date of this joint announcement or such later date as the Executive may approve. Pursuant to the Takeovers Code, the Company is required to send the offeree board circular containing, inter alia, a letter of recommendation from the Independent Board Committee to the Independent Shareholders and the Option Holders regarding the Offers and a letter of advice from the Independent Financial Adviser to the Independent Board Committee on the fairness and reasonableness of the terms and as to the acceptance of the Offers within 14 days after the posting of the offer document or such later date as the Executive may approve.

It is the intention of the Offeror and the Company to despatch the offer document and the offeree board circular separately. However, the Offeror and the Company may re-consider the possibility of combining the Offeror's offer document and the Company's offeree board circular. Further announcement will be issued as and when appropriate.

SUSPENSION OF TRADING IN THE SHARES

Trading in the Shares on the Stock Exchange has been suspended from 9:00 a.m. on 22 March 2012 and will continue to be suspended until further notice.

WARNING

The Directors make no recommendation as to the fairness or reasonableness of the Offers or as to the acceptance of the Offers in this joint announcement, and strongly recommend the Independent Shareholders and Option Holders not to form a view on the Offers unless and until they have received and read the offer document and the offeree board circular, including the recommendation of the Independent Board Committee in respect of the Offers and the letter of advice from the Independent Financial Adviser.

Shareholders and potential investors are advised to exercise caution when dealing in the relevant securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

INTRODUCTION

On 8 February 2013, Mr. Zhao and the Offeror entered into the Sale and Purchase Agreement (as supplemented and rectified by the Supplemental Agreement dated 11 March 2013) pursuant to which Mr. Zhao agreed to sell and the Offeror agreed to purchase the Sale Shares, representing approximately 52.16% of the entire issued share capital of the Company at the Consideration of HK\$52,704,000 in cash, representing HK\$0.1 per Sale Share. Completion took place on 8 February 2013.

The consideration for the Sale Shares represents HK\$0.1 per Sale Share, which was agreed between Mr. Zhao and the Offeror after arm's length negotiations having taken into account, amongst others, (i) the prolonged suspension of trading in the Share since 22 March 2012; (ii) the subsequent development of the Company's situation as publicly disclosed in its announcements; and (iii) such acquisition of the controlling stake in the Company having proceeded on the basis that the Offeror was only able to assess the Company's difficult situation based on publicly available information and no guarantee was given by Mr. Zhao to the Offeror to assure any conditions of the Company including but not limited to continuity of existing business, status of financial statements and resumption of the trading of Shares on the Stock Exchange.

UNCONDITIONAL MANDATORY CASH OFFERS

Upon Completion and as at the date of this joint announcement, the Offeror and parties acting in concert with it are interested in 527,040,000 Shares, representing approximately 52.16% of the entire issued share capital of the Company. Save for the aforesaid, the Offeror and parties acting in concert with it do not have any other interests in any securities of the Company. Pursuant to Rule 26.1 and Rule 13 of the Takeovers Code, the Offeror is required to make an unconditional mandatory general offer in cash for all the issued Shares other than those already owned by the Offeror and parties acting in concert with it and an appropriate offer to cancel all the outstanding Share Options.

As at the date of this joint announcement, the Company has 1,010,500,000 Shares in issue and 12,000,000 outstanding Share Options conferring rights to subscribe for a total of 12,000,000 Shares. Save for the outstanding Share Options, the Company does not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares as at the date of this joint announcement.

Principal terms of the Offers

Kingston Securities will, on behalf of the Offeror, make the Offers to all Independent Shareholders to acquire all the issued Shares, other than those already owned by the Offeror and parties acting in concert with it, and to all Option Holders to cancel all the outstanding Share Options in compliance with the Takeovers Code on terms to be set out in the offer document on the following basis:

For each Offer Share HK\$0.1 in cash
For the cancellation of each Share Option (*Note*) HK\$0.0001 in cash

Note: As at the date of this joint announcement, the exercise price of the outstanding Share Options is HK\$3.512, which is out-of-money. The Share Options are exercisable from 28 October 2012 to 27 October 2014.

The Share Offer Price of HK\$0.1 per Offer Share is equal to the price paid by the Offeror to the Vendor per Sale Share under the Sale and Purchase Agreement.

Pursuant to Rule 13 of the Takeovers Code, the offer price for the Share Options will normally represent the difference between the exercise price of the Share Option and the Share Offer Price. However, as the exercise price of the outstanding Share Options is above the Share Offer Price, the offer price for the Share Option is at a nominal value of HK\$0.0001.

Comparison of value

The Share Offer Price of HK\$0.1 per Offer Share represents:

- (i) a discount of approximately 94.05% to the closing price of HK\$1.680 per Share as quoted on the Stock Exchange on 21 March 2012, being the Last Trading Day;
- (ii) a discount of approximately 94.63% to the average closing price of approximately HK\$1.862 per Share, being the average of the closing prices of the Shares as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 94.85% to the average closing price of approximately HK\$1.941 per Share, being the average of the closing prices of the Shares as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day; and
- (iv) a discount of approximately 94.64% to the average closing price of approximately HK\$1.864 per Share, being the average of the closing prices of the Shares as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day.

Highest and lowest Share prices

Trading in the Shares on the Stock Exchange has been suspended since 22 March 2012 and will continue to be suspended until further notice. The closing price of the Shares on the Last Trading Day was HK\$1.680 per Share.

Value of the Offers

On the basis of the Share Offer Price of HK\$0.1 per Offer Share and 1,010,500,000 Shares in issue as at the date of this joint announcement, the entire issued share capital of the Company is valued at approximately HK\$101.05 million. Excluding the 527,040,000 Sale Shares having been acquired by the Offeror pursuant to the Sale and Purchase Agreement, 483,460,000 Shares will be subject to the Share Offer. Assuming there is no change in the issued share capital of the Company prior to the making of the Offers, the Share Offer is valued at approximately HK\$48.35 million.

Based on the offer price of HK\$0.0001 for the cancellation of each outstanding Share Option and 12,000,000 outstanding Share Options, the Option Offer is valued at HK\$1,200.

Accordingly, aggregate value of the Offers is approximately HK\$48.35 million.

Financial resources available for the Offers

The Offeror will finance and satisfy the cash consideration payable under the Offers by the Facility granted by Kingston Securities.

Kingston Corporate Finance, being the financial adviser to the Offeror in respect of the Offers, is satisfied that there are sufficient financial resources available to the Offeror to satisfy full acceptances of the Offers.

Effects of accepting the Offers

By accepting the Offers, (a) the relevant Shareholders will sell their Shares to the Offeror free from all liens, claims, charges, encumbrances, rights of pre-emption and any third party rights of any nature and together with all rights attached to them, including the right to receive all dividends and distributions declared, made or paid on or after which the Share Offer is made, that is, the date of despatch of the offer document; and (b) as the case may be, the relevant holders of the Share Options will surrender to the Company their Share Options for cancellation by the Company, together with all rights attaching thereto, with effect from the date on which the Option Offer is made, that is, the date of despatch of the offer document.

Dealing and interests in the Company's securities

Save for the acquisition of the Sale Shares under the Sale and Purchase Agreement, none of the Offeror nor parties acting in concert with it has dealt in the Shares, outstanding Share Options, derivatives, warrants or other securities convertible into Shares during the six-month period prior to the date of this joint announcement that the offer period for the Offers commences.

As at the date of this joint announcement, the Offeror and parties acting in concert with it have not entered into any arrangements or contracts in relation to the outstanding derivatives in respect of securities in the Company nor have any of them borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

As at the date of this joint announcement, save for the Sale Shares held by the Offeror, the Offeror and parties acting in concert with it do not hold, own or control, nor has direction over, any Shares, outstanding options, derivatives, warrants or other securities convertible into Shares.

Stamp duty

Seller's Hong Kong ad valorem stamp duty at a rate of 0.1% of the market value of the Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is higher, will be deducted from the cash amount payable by the Offeror to the relevant Shareholders on acceptance of the Share Offer. The Offeror will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the accepting Shareholders and will pay the Offeror's Hong Kong ad valorem stamp duty in connection with the acceptances of the Share Offer and the transfers of the Offer Shares to the Stamp Office in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong). No stamp duty is payable in connection with the Option Offer.

Payment

Payment in cash in respect of acceptances of the Offers, net of seller's Hong Kong ad valorem stamp duty (as the case may be), will be made as soon as possible but in any event within seven (7) Business Days of the date on which the duly completed acceptance of the Offers and the relevant documents of title of the Shares and/or Share Options in respect of such acceptance are received by or for the Offeror.

Overseas Shareholders and Overseas Option Holders

The availability of the Offers to persons who are not residents in Hong Kong may be affected by the applicable laws of the relevant jurisdiction in which they are residents. Overseas Shareholders and Overseas Option Holders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements in their own jurisdictions and, where necessary, seek legal advice. It is the responsibility of the Overseas Shareholders and the Overseas Option Holders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders and Overseas Option Holders in respect of such jurisdictions).

Any acceptance of any Shareholders or Option Holders will be deemed to constitute a representation and warranty from such Shareholders or Option Holders to the Offeror that the local laws and requirements have been complied with. The Shareholders and Option Holders should consult their professional advisers if in doubt.

Other arrangements

As at the date of this joint announcement, (i) there is no other arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Offers; (ii) save for the Sale and Purchase Agreement, there is no agreement or arrangement to which the Offeror is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offers; and (iii) none of the Offeror nor parties acting in concert with it has received any irrevocable commitment to accept the Offers; and (iv) none of the Offeror nor parties acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) immediately before Completion; and (ii) immediately after Completion and as at the date of this joint announcement.

Shareholders	Immediately before Completion		Immediately after Completion and as at the date of this joint announcement	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Mr. Zhao (<i>Note</i>) Offeror and parties acting in concert with it	527,172,000	52.17%	-	0.00%
Public Shareholders	-	0.00%	527,040,000	52.16%
	483,328,000	47.83%	483,460,000	47.84%
Total	<u>1,010,500,000</u>	<u>100.00%</u>	<u>1,010,500,000</u>	<u>100.00%</u>

Note: Mr. Zhao was a former executive Director of the Company and chairman of the Board before his resignation on 10 January 2013. According to the Disclosure of Interest forms posted on the website of the Stock Exchange, Mr. Zhao was also the controlling Shareholder of the Company who was interested in 527,172,000 Shares of the Company, representing 52.17% of the entire issue share capital of the Company.

OFFEROR'S INTENTION FOR THE GROUP

The Offeror intends that the Company will continue with its existing principal activities, including but not limited to the production, marketing and sales of dairy products, and the operation and management of ecological farm and related business. The Offeror does not intend to introduce any major changes to the existing operations and business of the Company. The Offeror will conduct a more detailed review on the operations of the Group with a view to formulating a comprehensive business strategy for the Group and subject to the result of the review, the Offeror may explore other business opportunities and consider whether any assets and/or business acquisitions by the Group will be appropriate in order to enhance its growth. The Offeror has no intention to discontinue the employment of the employees or to dispose of or deploy the assets of the Group other than those in its ordinary course of business. As at the date of this joint announcement, the Offeror has no intention or plans for any acquisition or disposal of assets and/or business by the Group.

PROPOSED CHANGE OF BOARD COMPOSITION

The Board currently comprises one executive Director and one independent non-executive Director.

The Offeror intends to restructure the Board in compliance to the Listing Rules, including the appointment of additional directors, and is in the course of identifying suitable candidates for such purpose. Any changes to the Board will be made in compliance with the Takeovers Code and the Listing Rules and a separate announcement will be made in this regard as and when appropriate.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on the Main Board of the Stock Exchange after closing of the Offers and will undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float as required under the applicable Listing Rules exists in the Shares following the close of the Offers.

The Stock Exchange has stated that if, at the closing of the Offers, less than 25% of the issued Shares are held by the public or if the Stock Exchange believes that: (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend dealings in the Shares.

INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in the British Virgin Islands with limited liability. The sole shareholder and director of the Offeror is Mr. Kyan. Immediately prior to the entering into of the Sale and Purchase Agreement, the Offeror and its ultimate beneficial shareholder were Independent Third Parties and did not hold any Shares. Other than the entering into of the Sale and Purchase Agreement, the Offeror has not conducted any business since its incorporation.

Mr. Kyan, aged 41, is the sole beneficial shareholder and director of the Offeror. Mr. Kyan has over 10 years of business experiences in food and beverage, real estate development, financial investment and trading. Mr. Kyan is currently a counselor of City University of Macau, a member of Chinese People's Political Consultative Committee of Xiamen City, Fujian Province (福建省廈門市政協委員), the chairman of Macao ASEAN International Chamber of Commerce (澳門東盟國際商會理事長) and the chairman of Ha Mun Friendship General Association of Macao (澳門廈門聯誼總會理事長). As at the date of this joint announcement, Mr. Kyan does not hold any directorship in any public listed companies.

INFORMATION ON THE GROUP

The Company is principally engaged in investment holding incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange. The Group is principally engaged in the production, marketing and sales of dairy products and the operation and management of ecological farm and related business in the PRC.

Reference is made to the announcements of the Company dated 29 March 2012 and 28 December 2012 with regards to Deloitte Touche Tohmatsu, the then auditor of the Company, resigned as auditors of the Company with effect from 21 March 2012 and the announcement dated 9 January 2013 with regards to extensive damages to the computers and financial documents of Da Qing Dairy Ltd.* (大慶乳品廠有限責任公司). Due to the change of auditors and the damage to financial documents, the Company required additional time to gather sufficient information for the new auditors to be appointed to perform and complete their audit procedures. As such, the annual results and the annual report of the Company for the year ended 31 December 2011 were unable to be published by 31 March 2012 and 30 April 2012, respectively. As at the date of this joint announcement, the Board has only one independent non-executive Director. The Board is still in the course of reconstituting the audit committee of the Company (the "Audit Committee") through identifying suitable candidates to be appointed as the other two independent non-executive Directors. Once the Audit Committee is constituted, it will, among other matters, decide on the appointment of auditors of the Company as soon as practicable.

In view of the above, the latest available financial reports of the Company are the interim report for the six months period ended 30 June 2011 and the annual report for the year ended 31 December 2010.

The Group recorded audited profits of approximately RMB133.47 million and RMB260.59 million respectively for the years ended 31 December 2009 and 2010. The audited net assets of the Group as at 31 December 2009 and 2010 were approximately RMB302.47 million and approximately RMB1,591.01 million, respectively. Unaudited profits of the Group for the six months ended 30 June 2010 and 2011 amounted to approximately RMB108.38 million and approximately RMB142.57 million, respectively. Unaudited net assets of the Group as at 30 June 2011 were RMB1,736.32 million.

GENERAL

Independent Board Committee

The Company has established the Independent Board Committee comprising the sole independent non-executive Director who has no direct or indirect interest in the Offers, namely Mr. Chiang Chi Kin Stephen, to advise the Independent Shareholders and Option Holders in relation to the terms and conditions of the Offers, in particular as to whether the Offers are, or are not, fair and reasonable and as to the acceptance of the Offers.

Independent Financial Adviser

The Independent Financial Adviser will be appointed by the Company after approval by the Independent Board Committee to advise the Independent Board Committee in respect of the Offers and in particular as to whether the Offers are, or are not, fair and reasonable and as to the acceptance of the Offers. Further announcement will be made regarding the appointment of the Independent Financial Adviser as soon as practicable.

Despatch of the offer document and the offeree board circular

Pursuant to Rule 8.2 of the Takeovers Code, the Offeror is required to despatch the offer document containing the terms of the Offers, together with the forms of acceptance and transfer, to the Shareholders and the Option Holders within 21 days of the date of this joint announcement or such later date as the Executive may approve. Pursuant to the Takeovers Code, the Company is required to send the offeree board circular containing, inter alia, a letter of recommendation from the Independent Board Committee to the Independent Shareholders and the Option Holders regarding the Offers and a letter of advice from the Independent Financial Adviser to the Independent Board Committee on the fairness and reasonableness of the terms and as to the acceptance of the Offers within 14 days after the posting of the offer document or such later date as the Executive may approve.

It is the intention of the Offeror and the Company to despatch the offer document and the offeree board circular separately. However, the Offeror and the Company may re-consider the possibility of combining the offer document and the offeree board circular in a composite offer document. In such case, pursuant to Rule 8.2 of the Takeovers Code, the composite offer document is required to be despatched to the Shareholders and the Option Holders within 21 days of the date of this joint announcement or such later date as the Executive may approve. Further announcement will be issued as and when appropriate.

DEALINGS DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, the Company and the Offeror hereby remind their respective associates (as defined under the Takeovers Code and including a person who owns or controls 5% or more of any class of relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Offeror or the Company) to disclose their dealings in any securities of the Company pursuant to the Takeovers Code. For this purpose, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibility of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7-day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

WARNING

The Directors make no recommendation as to the fairness or reasonableness of the Offers or as to the acceptance of the Offers in this joint announcement, and strongly recommend the Independent Shareholders not to form a view on the Offers unless and until they have received and read the offer document and the offeree board circular, including the recommendation of the Independent Board Committee in respect of the Offers and the letter of advice from the Independent Financial Adviser.

Shareholders and potential investors are advised to exercise caution when dealing in the relevant securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

SUSPENSION OF TRADING IN THE SHARES

Reference is made to the announcements of the Company dated 22 March 2012 and all the subsequent update announcements in relation to the development of suspension. Trading in the Shares on the Stock Exchange has been suspended from 9:00 a.m. on 22 March 2012 and will continue to be suspended until further notice.

DEFINITIONS

Unless the context otherwise require, the following expressions have the following meanings in this joint announcement:

“acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“associates”	has the same meaning as defined in the Listing Rules
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“Company”	Daqing Dairy Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Sale and Purchase Agreement

“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Consideration”	the aggregate consideration of HK\$52,704,000 for the sale and purchase of the Sale Shares under the Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegates of the Executive Director
“Facility”	a standby loan facility of not less than HK\$48.40 million granted by Kingston Securities to the Offeror pursuant to a facility letter
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising the sole independent non-executive Director, namely Mr. Chiang Chi Kin Stephen, to advise and give recommendation to the Independent Shareholders and the Option Holders in respect of the Offers
“Independent Financial Adviser”	the independent financial adviser to be appointed by the Company for the purpose of advising the Independent Board Committee in respect of the Offers
“Independent Shareholder(s)”	Shareholder(s) other than the Offeror and parties acting in concert with it
“Independent Third Party(ies)”	third party(ies) who is (are) independent of and not connected with the Company and its connected persons
“Kingston Corporate Finance”	Kingston Corporate Finance Limited, a licenced corporation to carry out business in type 6 (advising on corporate finance) regulated activity under the SFO
“Kingston Securities”	Kingston Securities Limited, a licensed corporation to carry on business in type 1 (dealing in securities) regulated activity under the SFO

“Last Trading Day”	21 March 2012, being the last trading day of the Shares prior to the suspension of trading of the Shares on the Stock Exchange at 9:00 am on 22 March 2012
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Kyan”	Mr. Kyan Su Lone, the sole beneficial owner and the sole director of the Offeror
“Mr. Zhao” or the “Vendor”	Mr. Zhao Yu, the then controlling Shareholder of the Company immediately before Completion and the vendor of the Sale Shares
“Offer Share(s)”	Share(s) in respect of which the Share Offer is made, being issued Share(s) other than those already owned by the Offeror and parties acting in concert with it
“Offeror”	Radiant State Limited, a company incorporated in the British Virgin Islands with limited liability which is wholly and beneficially owned by Mr. Kyan
“Offers”	together, the Share Offer and the Option Offer
“Option Holder(s)”	the holder(s) of the Share Options
“Option Offer”	the mandatory unconditional cash offer to be made by Kingston Securities, for and on behalf of the Offeror, for the cancellation of all outstanding Share Options at HK\$0.0001 for each Share Option in cash in accordance with Rule 13 of the Takeovers Code
“Overseas Option Holder(s)”	Option Holder(s), whose addresses, as shown on the register of Option Holders of the Company, are outside Hong Kong
“Overseas Shareholder(s)”	holder(s) of Share(s) whose addresses, as shown on the register of members of the Company, are outside Hong Kong
“PRC”	the People’s Republic of China

“Sale and Purchase Agreement”	the sale and purchase agreement dated 8 February 2013 entered into between the Offeror (as purchaser) and Mr. Zhao (as vendor) in respect of the sale and purchase of the Sale Shares (as supplemented by the Supplemental Agreement)
“Sale Share(s)”	an aggregate of 527,040,000 Shares acquired by the Offeror from Mr. Zhao pursuant to the terms and conditions of the Sale and Purchase Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.00001 each in the issued share capital of the Company
“Share Offer”	the unconditional mandatory cash offer to be made by Kingston Securities for and on behalf of the Offeror for all the issued Shares (other than those already owned by the Offeror and parties acting in concert with it) in accordance with Rule 26.1 of the Takeovers Code
“Share Offer Price”	the price per Offer Share in cash at which the Share Offer will be made, being HK\$0.1 per Offer Share
“Share Option(s)”	share options granted by the Company pursuant to the Company’s share option scheme adopted on 10 October 2010
“Shareholder(s)”	the holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental sale and purchase agreement dated 11 March 2013 entered into between the Offeror (as purchaser) Mr. Zhao (as vendor) to supplement or amend certain terms of the Sale and Purchase Agreement, among others, rectifying the number of Sale Shares to be 527,040,000 Shares and the Consideration to be HK\$52,704,000
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“RMB” Renminbi, the lawful currency of the PRC

“%” per cent

By order of the board
Radiant State Limited
Kyan Su Lone
Sole Director

By order of the Board
Daqing Dairy Holdings Limited
Wang De Lin
Executive Director

** For identification purposes only*

Hong Kong, 18 April 2013

As at the date of this joint announcement, the Board comprises one executive Director, namely Mr. Wang De Lin; and one independent non-executive Director, namely Mr. Chiang Chi Kin, Stephen.

All Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Offeror and parties acting in concert with it), and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this joint announcement have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint announcement, the sole director of the Offeror is Mr. Kyan Su Lone.

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Group and the Vendor and parties acting in concert with the Vendor), and confirms, having made all reasonable enquires, that to the best of his knowledge, opinions expressed in this joint announcement have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.