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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)

FURTHER UPDATE IN RELATION TO THE SUSPENSION OF TRADING

EFFORTS TOWARDS RESUMPTION OF TRADING IN SHARES

Reference is made to the Announcement dated 18 April 2013. Thanks to the contributions and efforts of the management and staff of the Daqing Dairy Holdings Limited (the “**Company**”) and its subsidiaries have reversed the downward trend of the turnover as stated in the aforesaid announcement and the Board notices a relatively stable sales performance and growth during the last few months.

With regard to the latest business performance and financial position of the Company, as the management accounts in the PRC have not been audited, the Company advised that, after the reconstitution of the Board, it is more appropriate to publish further announcement after HLB Hodgson Impey Cheng Limited to conduct auditing works on the Company’s accounts.

The unconditional mandatory cash offer has undoubtedly increased workload to the board of directors (the “**Director(s)**”) (the “**Board**”) and the management of the Company. In addition, the State Council of the People’s Republic of China announced detailed plans to tighten dairy product supervision and to introduce the quality standards to milk formula with electronic supervision codes to monitor each step of the production process in June 2013. The Company therefore requires additional human and financial resources in order to meet the newly-implemented national standards.

Although the Company has already delegated most of its audit, compliance, financial and operational personnel on the aforesaid tasks to ensure compliance, the capacity is far from sufficient. The Board and the management of the Company have also endured a much heavier workload after the suspension of trading in the shares of the Company. These factors hindered the progress in fulfilling the resumption conditions imposed by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Nevertheless, the Board will use its best endeavours to make progress on resumption conditions.

In connection with the reconstitution of the Board, reference is made to the offer document dated 7 June 2013 issued by Radiant State Limited. Radiant State Limited intends to restructure the Board by nominating (i) Mr. Ng Kwong Chue Paul as an executive Director; (ii) Ms. Kou Mei In as the chairlady and a non-executive Director; (iii) Mr. Chiu Chi Kong as a non-executive Director and (iv) Mr. Che Kuong Hon as an independent non-executive Director with effect from the earliest time permitted under the Hong Kong Code on Takeovers and Mergers and by the Securities and Futures Commission of Hong Kong. To better facilitate the resumption, the Company will give full consideration to both the appointment of professionals and the normal operation of the Company with regard to the nomination of directors during the reconstitution of the Board. Therefore, the Company will consider to nominate (i) Mr. Wang Jun (王君) as an executive Director, who currently manages the production and operation of the Company; (ii) Mr. Chen Lisheng (陳立升) as an executive Director and Chief Operation Officer, who is currently responsible for the sales of the Company; (iii) Mr. Li Tiezheng (李鐵錚) as a non-executive Director, who is primarily responsible for the domestic financial management of the Company; and (iv) Mr. Du Wei (杜偉) as a non-executive Director, who currently is an executive vice general manager of the Company. In addition, the Company will consider and discuss the candidates for the Board with Radiant State Limited this week. Further announcement will be made as and when appropriate.

Since the Company has appointed HLB Hodgson Impey Cheng Limited as its auditors, the Company will publish the outstanding financial results and reports as soon as practicable. In connection with the recovering of the Company’s financial records, as of the date of the announcement, the Company has yet received any reply from Deloitte Touche Tohmatsu (“**Deloitte**”) despite previous requests. The Company is currently looking for potential forensic specialist to conduct an investigation on the matters raised by Deloitte. In view of the reconstitution of the Board will provide the Company independent voices and professional advices, the appointment of the forensic specialist will be made after the reconstitution.

In connection with the internal control review, the Board is planning to engage an independent professional expert to assist in the review of its internal control systems for improvement. The Company will also make such appointment after the reconstitution of the Board. An announcement will be made once the Company confirms the appointment.

As mentioned in the previous paragraph, the Company will reconstruct its Board after obtaining the Securities and Futures Commission's approval. In view of the lack of human resources and upcoming reconstitution of the Board, an assessment will therefore be made on the practicability and required timing to fulfill the resumption conditions after the Board is reconstituted.

CONTINUED SUSPENSION OF TRADING IN THE SHARES OF THE COMPANY

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

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

Hong Kong, 10 July 2013

As at the date of this announcement, the executive Director is Mr. Wang De Lin and the independent non-executive Director is Mr. Chiang Chin Kin Stephen.