

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this joint announcement, make no representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this joint announcement.



Global Courage 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 GLOBAL COURAGE LIMITED;
AND
(2) UNCONDITIONAL MANDATORY CASH OFFER BY
HEAD & SHOULDERS SECURITIES LIMITED**



**ON BEHALF OF
GLOBAL COURAGE LIMITED
FOR ALL THE ISSUED SHARES IN
DAQING DAIRY HOLDINGS LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED BY
GLOBAL COURAGE LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

Financial adviser to Global Courage Limited

VEDA | CAPITAL
智略資本

THE SALE AND PURCHASE AGREEMENT

The Company was informed by the Vendor (the then controlling Shareholder) that on 4 May 2015, the Offeror and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Offeror has agreed to acquire and the Vendor has agreed to sell the Sale Shares, being 610,193,622 Shares, for a total Consideration of HK\$61,019,362.20, equivalent to HK\$0.10 per Sale Share. The Sale Shares represent approximately 60.39% of the 1,010,500,000 Shares in issue of the Company as at the date of this joint announcement. Completion took place on 11 May 2015.

UNCONDITIONAL MANDATORY CASH OFFER

Upon Completion and as at the date of this joint announcement, the Offeror and parties acting in concert with it are interested in 610,193,622 Shares, representing approximately 60.39% of the entire issued share capital of the Company. Pursuant to Rule 26.1 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.

Head & Shoulders Securities will, on behalf of the Offeror, make the Offer, which is unconditional in all respects in compliance with the Takeovers Code, at HK\$0.10 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. Veda Capital, being the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptances of the Offer.

On the basis of the Offer Price of HK\$0.10 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 610,193,622 Sale Shares having been acquired by the Offeror pursuant to the Sale and Purchase Agreement, 400,306,378 Shares will be subject to the Offer. Assuming there is no change in the issued share capital of the Company prior to the making of the Offer, the Offer is valued at approximately HK\$40.03 million.

GENERAL

Independent Board Committee

The Company has established the Independent Board Committee comprising all independent non-executive Directors who have no direct or indirect interest in the Offer, namely Mr. Sze Lin Tang and Mr. Qiu Xiaohua, to advise the Independent Shareholders in relation to the terms and conditions of the Offer and in particular as to whether the terms of the Offer are, or are not, fair and reasonable and as to the acceptance of the Offer.

As Ms. Kou Mei In, the chairlady of the Company and the non-executive Director, is the wife of Mr. Kyan, who is the sole owner and director of the Vendor, therefore Ms. Kou Mei In has an indirect interest in the Offer and has not been included in the Independent Board Committee.

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 Offer and in particular as to whether the terms of the Offer are, or are not, fair and reasonable and as to the acceptance of the Offer. Further announcement will be made by the Company regarding the appointment of the Independent Financial Adviser as soon as practicable.

Despatch of the Composite Document

Pursuant to Rule 8.2 of the Takeovers Code, the Offeror is required to despatch the offer document containing the terms of the Offer, together with the forms of acceptance and transfer, to the Shareholders within 21 days of the date of this joint announcement or such later date as the Executive may approve. Pursuant to Rule 8.4 of the Takeovers Code, the Company is required to send the offeree board circular containing, inter alia, financial information of the Group for the three years ended 31 December 2012, 2013 and 2014 and the interim results for the six months ending 30 June 2015 (if available), a letter of recommendation from the Independent Board Committee to the Independent Shareholders regarding the Offer and a letter of advice from the Independent Financial Adviser to the Independent Board Committee on the fairness and reasonableness of the terms of the Offer and as to the acceptance of the Offer 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 combine the Offeror's offer document and the Company's offeree board circular as the Composite Document.

The latest published 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. As detailed in the section headed "Information on the Group" below in this joint announcement, it is preliminarily estimated that all the outstanding financial results and reports of the Company will be published on or before 30 September 2015. As additional time is required by the Company to prepare the financial information for the years ended 31 December 2012, 2013 and 2014 and the six months ending 30 June 2015 to be included in the Composite Document, an application has been made to the Executive to extend the deadline for the despatch of the Composite Document, together with the form(s) of acceptance and transfer, to 31 October 2015 or such later date as the Executive may approve. Further announcement(s) will be made by the Offeror and the Company on the timing of the despatch of the Composite Document.

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 Offer or as to the acceptance of the Offer in this joint announcement, and strongly recommend the Independent Shareholders not to form a view on the Offer unless and until they have received and read the Composite Document, including the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Offer and the letter of advice from the Independent Financial Adviser to the Independent Board Committee.

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

THE SALE AND PURCHASE AGREEMENT

The Company was informed by the Vendor (the then controlling Shareholder) that on 4 May 2015, the Offeror and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Offeror has agreed to acquire and the Vendor has agreed to sell the Sale Shares, being 610,193,622 Shares, for a total Consideration of HK\$61,019,362.20, equivalent to HK\$0.10 per Sale Share. The Sale Shares represent approximately 60.39% of the 1,010,500,000 Shares in issue of the Company as at the date of this joint announcement. Completion took place on 11 May 2015.

The consideration for the Sale Shares is HK\$0.10 per Sale Share, which is the same as the original cost of the Sale Shares acquired by the Vendor, was agreed between the Vendor and the Offeror after arm's length negotiations having taken into account, amongst others, (i) the prolonged suspension of trading in the Shares 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, representation or warranty was given by the Vendor to the Offeror to assure any conditions (financial, operation or otherwise) 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 OFFER

Upon Completion and as at the date of this joint announcement, the Offeror and parties acting in concert with it are interested in 610,193,622 Shares, representing approximately 60.39% 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 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.

As at the date of this joint announcement, the Company has 1,010,500,000 Shares in issue. 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 Offer

Head & Shoulders Securities will, on behalf of the Offeror, make the Offer 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 in compliance with the Takeovers Code on terms to be set out in the Composite Document on the following basis:

For each Offer Share HK\$0.10 in cash

The Offer Price of HK\$0.10 per Offer Share is equal to the price per Sale Share paid by the Offeror to the Vendor under the Sale and Purchase Agreement.

Comparison of value

The Offer Price of HK\$0.10 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 of the closing prices of the Shares of HK\$1.862 per Share 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 of the closing prices of the Shares of HK\$1.941 per Share 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 of the closing prices of the Shares of HK\$1.864 per Share 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 Offer

On the basis of the Offer Price of HK\$0.10 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 HK\$101.05 million. Excluding 610,193,622 Sale Shares having been acquired by the Offeror pursuant to the Sale and Purchase Agreement, 400,306,378 Shares will be subject to the Offer. Assuming there is no change in the issued share capital of the Company prior to the making of the Offer, the Offer is valued at approximately HK\$40.03 million.

Financial resources available for the Offer

The Offeror will finance and satisfy the cash consideration payable under the Offer by the Facility granted by Head & Shoulders Securities.

Veda Capital, being the financial adviser to the Offeror in respect of the Offer, is satisfied that there are sufficient financial resources available to the Offeror to satisfy full acceptances of the Offer.

Effects of accepting the Offer

By accepting the Offer, (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 Offer is made, that is, the date of despatch of the Composite 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 had dealt in the Shares, outstanding share options, derivatives, warrants or other securities convertible into Shares during the six-month period prior to the commencement of the Offer period, i.e. the date of this joint announcement.

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 have 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 Offer, whichever is higher, will be deducted from the cash amount payable by the Offeror to the relevant Shareholders on acceptance of the 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 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).

Payment

Payment in cash in respect of acceptances of the Offer, net of seller's Hong Kong ad valorem stamp duty, 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 Offer and the relevant documents of title of the Shares in respect of such acceptance are received by the Offeror.

Overseas Shareholders

The availability of the Offer 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 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 their own legal advice. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the

Offer (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 in respect of such jurisdictions).

Any acceptance of any Shareholders will be deemed to constitute a representation and warranty from such Shareholders to the Offeror that the local laws and requirements have been complied with. The Shareholders 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 Offer; (ii) 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 Offer; (iii) none of the Offeror nor parties acting in concert with it has received any irrevocable commitment to accept the Offer; 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.

	Immediately before Completion		Immediately after Completion and as at the date of this joint announcement	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Shareholders				
Vendor	610,193,622	60.39%	—	0.00%
Offeror and parties acting in concert with it	—	0.00%	610,193,622	60.39%
Public Shareholders	<u>400,306,378</u>	<u>39.61%</u>	<u>400,306,378</u>	<u>39.61%</u>
Total	<u><u>1,010,500,000</u></u>	<u><u>100.00%</u></u>	<u><u>1,010,500,000</u></u>	<u><u>100.00%</u></u>

OFFEROR'S INTENTION FOR THE GROUP

The trading of the Shares has been suspended since 22 March 2012. Notwithstanding the Board's on-going effort to investigate into opportunities that can re-vitalise the Company's operation, the Offeror will conduct a 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 maintain the listing status of the Company and to resume trading of the Shares from prolonged suspension in view of the fact that the Stock Exchange has decided to place the Company in the first delisting stage pursuant to Practice Note 17 to the Listing Rules since 14 May 2015. In addition, in order to broaden its income source and to accelerate the Group's growth and future development, the Offeror will explore and consider any other investment and business

opportunities that may arise in the market from time to time that it considers value-enhancing to Shareholders and/or otherwise in the best interests of the Group. If any possible investment materialises, the Company will make further announcement(s) as and when required under the Listing Rules. However, as of the date of this joint announcement, no such investment or business opportunities have been identified nor has the Offeror entered into any agreement, arrangements, understandings, intention or negotiation in relation to the injection of any assets or business into the Group but the Offeror is aware of the difficulties faced by the Board to prepare the outstanding financial results of the Company and the loss of control over the PRC Subsidiaries.

Save for the loss of control by the Company over the PRC Subsidiaries and save as required for the implementation of the Offeror's intention regarding the Group as aforementioned, the Offeror has no intention to terminate any employment of the employees of the Group or to make significant changes to any employment (except for the proposed nomination of new directors to the Board as detailed in the section headed "Proposed change of Board composition" below in this joint announcement) or to dispose of or re-allocate the Group's assets which are not in the ordinary and usual course of business of the Group. Notwithstanding the foregoing, the Offeror has not entered into any agreement, arrangements, understandings or negotiations in relation to the continued employment of the employees, disposal and/or re-deployment of the assets (including fixed assets) of the Group, or termination or scaling down of any Group's business.

PROPOSED CHANGE OF BOARD COMPOSITION

The Board currently comprises two executive Directors, namely Mr. Ng Kwong Chue, Paul and Mr. Wang De Lin; one non-executive Director, namely Ms. Kou Mei In; and two independent non-executive Directors, namely Mr. Sze Lin Tang and Mr. Qiu Xiaohua. Upon Completion, it is intended that all the members of the Board will be changed, either by way of voluntary resignation and/or removal by ordinary resolution at general meeting. As at the date of this joint announcement, all Directors except Mr. Wang De Lin have tendered their resignation from their office with effect from the earliest time permitted under the Takeovers Code, the Listing Rules or other applicable laws.

The new Directors to be nominated by the Offeror to the Board will only take effect from the earliest time permitted under the Takeovers Code. Any changes to the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcement(s) will be made by the Company as and when appropriate.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror has no intention to privatise the Company and intends to maintain the listing of the Shares on the Main Board of the Stock Exchange after closing of the Offer 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 Offer.

The Stock Exchange has stated that if, at the closing of the Offer, 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/not to allow resumption in trading (as the case may be) in the Shares.

INFORMATION ON THE OFFEROR

The Offeror was incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by Head and Shoulders Direct Investment. The sole director of the Offeror is Head and Shoulders Direct Investment.

Head and Shoulders Direct Investment was incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by Dr. Choi who is also the sole director of Head and Shoulders Direct Investment.

Dr. Choi possesses about 23 years of experience in financial service and merger and acquisition projects. Apart from working at senior positions for different financial groups in Hong Kong, Dr. Choi has also served as a member of the senior management of various listed companies in Hong Kong. Dr. Choi is currently an executive director of Media Asia Group Holdings Limited (Stock Code: 8075) since October 2011 and is an executive director of Target Insurance (Holdings) Limited (Stock Code: 6161) since September 2014. Dr. Choi is also a director of ZhongAn Online P&C Insurance Co., Ltd., a leading online insurance company in PRC.

INFORMATION ON THE GROUP

The Company is principally engaged in investment holding and was incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange. According to the information available to the Board, the Board has reasonable belief that some of the members of the Group are still operating their ordinary business, i.e. production, marketing and sales of dairy products in the PRC. As disclosed in the previous announcements of the Company, the Company has engaged forensic accountant to conduct an investigation on the matters raised by the ex-auditors of the Company, Deloitte Touche Tohmatsu but the progress is not satisfactory given the lack of support by the management of the Company's operating subsidiaries in the PRC. Such forensic investigation has been temporarily halted due to insufficient financial resources of the Company. Given the lack of effective control by the Board over the operating subsidiaries of the Company, attempts have also been made by the Board to effect the change of the legal representatives of the Company's operating subsidiaries in the PRC but it is not optimistic that such change can be effected in a short period of time.

Reference is made to the announcements of the Company dated 29 March 2012 and 28 December 2012 with regards to the resignation of the then auditors, Deloitte Touche Tohmatsu, 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 resignation of auditors and the damage to financial documents, the annual results of the Company for the year ended 31 December 2011 and thereafter have yet to be published by the Company.

In view of the above, the latest published 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.

On 14 May 2015, the Stock Exchange issued a letter informing the Company that in view of, among others, the fact that: (a) all the Company's businesses are carried out by the PRC Subsidiaries; (b) the Company has been facing difficulties in exercising control over the PRC Subsidiaries; (c) the Company was refused by the PRC Subsidiaries to access to their offices

and factories and was not provided with any information, books and records; and (d) the request for changing the PRC Subsidiaries' legal representatives was not entertained, the Company has lost its control on the PRC Subsidiaries and the Stock Exchange considers that the Company is unable to maintain a sufficient level of operations or assets required under rule 13.24 of the Listing Rules to support a continued listing. Accordingly, the Stock Exchange has decided to place the Company in the first delisting stage pursuant to Practice Note 17 to the Listing Rules.

The first delisting stage will expire on 13 November 2015. The Company is required to submit a viable resumption proposal at least ten (10) business days before the expiry of the first delisting stage.

Pursuant to the letter from the Stock Exchange dated 14 May 2015, the Stock Exchange requires the Company to submit a viable resumption proposal to address the following:

1. all the initial resumption conditions as detailed in the announcement of the Company dated 9 November 2012, namely:
 - (i) 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;
 - (ii) The Company shall inform the market of all information in relation to the Matters that is necessary for the Shareholders and the public to appraise the position of the Group, including their implications to the Group's assets, financial and operational positions;
 - (iii) 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;
 - (iv) The Company shall publish all outstanding financial results and reports and address any concerns raised by the Company's auditors in their report; and
 - (v) 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 Listing Rules; and
2. to demonstrate its compliance with rule 13.24 of the Listing Rules.

It was further stated that the Stock Exchange may modify any of the resumption conditions above and/or impose further resumption conditions if necessary.

The Company has been in close discussions with HLB Hodgson Impey Cheng Limited (“**HLB**”), the proposed new auditors of the Company for the preparation and the publication of all outstanding financial results and reports of the Company, i.e. annual results and reports for the four years ended 31 December 2011, 2012, 2013 and 2014 and interim results and reports for the six months ended 30 June 2012, 2013 and 2014. The Company is finalising the appointment of HLB as the new auditors of the Company and further announcement will be made by the Company upon such appointment. The audit work will be commenced

immediately after HLB has been appointed. It is preliminarily estimated that all the outstanding financial results and reports of the Company will be published on or before 30 September 2015.

GENERAL

Independent Board Committee

The Company has established the Independent Board Committee comprising all independent non-executive Directors who have no direct or indirect interest in the Offer, namely Mr. Sze Lin Tang and Mr. Qiu Xiaohua, to advise the Independent Shareholders in relation to the terms and conditions of the Offer, in particular as to whether the terms of the Offer are, or are not, fair and reasonable and as to the acceptance of the Offer.

As Ms. Kou Mei In, the chairlady of the Company and the non-executive Director, is the wife of Mr. Kyan, who is the sole owner and director of the Vendor, therefore Ms. Kou Mei has an indirect interest in the Offer and has not been included in the Independent Board Committee.

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 Offer and in particular as to whether the terms of the Offer are, or are not, fair and reasonable and as to the acceptance of the Offer. Further announcement will be made by the Company regarding the appointment of the Independent Financial Adviser as soon as practicable.

Despatch of the Composite Document

Pursuant to Rule 8.2 of the Takeovers Code, the Offeror is required to despatch the offer document containing the terms of the Offer, together with the forms of acceptance and transfer, to the Shareholders within 21 days of the date of this joint announcement or such later date as the Executive may approve. Pursuant to Rule 8.4 of the Takeovers Code, the Company is required to send the offeree board circular containing, inter alia, financial information of the Group for the three years ended 31 December 2012, 2013 and 2014 and the interim results for the six months ending 30 June 2015 (if available), a letter of recommendation from the Independent Board Committee to the Independent Shareholders regarding the Offer and a letter of advice from the Independent Financial Adviser to the Independent Board Committee on the fairness and reasonableness of the terms of the Offer and as to the acceptance of the Offer 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 combine the Offeror's offer document and the Company's offeree board circular as the Composite Document.

The latest published 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. As detailed in the section headed "Information on the Group" above in this joint announcement, it is preliminarily estimated that all the outstanding financial results and reports of the Company will be published on or before 30 September 2015. As additional time is required by the Company to prepare the financial information for the years ended 31 December 2012, 2013 and 2014 and the six months ending 30 June 2015 to be included in the Composite Document, an application has been made to the Executive to extend the deadline for the despatch of the

Composite Document, together with the form(s) of acceptance and transfer, to 31 October 2015 or such later date as the Executive may approve. Further announcement(s) will be made by the Offeror and the Company on the timing of the despatch of the Composite Document.

DEALINGS DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, the Company and the Offeror hereby remind their respective associates (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 Offer or as to the acceptance of the Offer in this joint announcement, and strongly recommend the Independent Shareholders not to form a view on the Offer unless and until they have received and read the Composite Document, including the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Offer and the letter of advice from the Independent Financial Adviser to the Independent Board Committee.

Shareholders and potential investors are advised to exercise caution when dealings in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

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.

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
“associate(s)”	has the meaning ascribed thereto in the Takeovers Code
“Board”	board of Directors of the Company
“Business Day(s)”	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
“Composite Document”	the composite offer and response document in respect of the Offer to be jointly despatched by the Offeror and the Company in accordance with the Takeovers Code containing, amongst other things, the detailed terms of the Offer and the information of the Company
“Consideration”	the cash consideration of HK\$61,019,362.2 for the sale and purchase of the Sale Shares under the Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company
“Dr. Choi”	Dr. Choi Chiu Fai Stanley, being the sole director and sole shareholder of Head and Shoulders Direct Investment
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegates of the Executive Director
“Facility”	a standby facility of not less than HK\$40.1 million granted by Head & Shoulders Securities to the Offeror pursuant to a facility letter dated 8 May 2015 issued by Head & Shoulders Securities and accepted by the Offeror
“Group”	the Company and its subsidiaries
“Head and Shoulders Direct Investment”	Head and Shoulders Direct Investment Limited, a company incorporated in the British Virgin Islands with limited liability and wholly and beneficially owned by Dr. Choi, which is the sole shareholder and the sole director of the Offeror
“Head & Shoulders Securities”	Head & Shoulders Securities Limited, a licensed corporation to carry on business in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	the independent committee of the Board comprising all independent non-executive Directors, namely Mr. Sze Lin Tang and Mr. Qiu Xiaohua, to advise and give recommendation to the Independent Shareholders in respect of the Offer and as to its acceptance
“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 Offer and as to its acceptance
“Independent Shareholders”	Shareholders other than the Offeror and parties acting in concert with it
“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 a.m. 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 director and beneficial owner of the Vendor
“Offer”	the unconditional mandatory cash offer to be made by Head & Shoulders 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
“Offer Price”	the price per Offer Share in cash at which the Offer will be made, being HK\$0.10 per Offer Share
“Offer Share(s)”	Share(s) in respect of which the Offer is made, being issued Share(s) other than those already owned by the Offeror and parties acting in concert with it
“Offeror”	Global Courage Limited, a company incorporated in the British Virgin Islands with limited liability which is wholly and beneficially owned by Head and Shoulders Direct Investment
“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 which for the purpose of this joint announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Subsidiaries”	subsidiaries of the Company in the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 4 May 2015 entered into between the Offeror (as purchaser) and the Vendor (as vendor) in respect of the sale and purchase of the Sale Shares

“Sale Share(s)”	an aggregate of 610,193,622 Shares acquired by the Offeror from the Vendor 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
“Shareholder(s)”	the holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Veda Capital”	Veda Capital Limited, a licensed corporation under the SFO licensed to conduct Type 6 (advising on corporate finance) of the regulated activity under the SFO
“Vendor”	Radiant State Limited, a company incorporated in the British Virgin Islands, the vendor of the Sale Shares under the Sale and Purchase Agreement and a controlling Shareholder immediately prior to the Completion
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the board
Global Courage Limited
Head and Shoulders Direct Investment Limited
Director

By order of the Board
Daqing Dairy Holdings Limited
Kou Mei In
Chairlady

Hong Kong, 23 June 2015

* *The English name is not an official name but is provided for identification purpose only*

As at the date of this joint announcement, the Board comprises two executive Directors, namely Mr. Ng Kwong Chue Paul and Mr. Wang De Lin; one non-executive Director, namely Ms. Kou Mei In; and two independent non-executive Directors, namely Mr. Sze Lin Tang and Mr. Qiu Xiaohua.

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 (other than those expressed by the sole director of the Offeror and parties acting in concert with it) 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 Head and Shoulders Direct Investment Limited and the sole director of Head and Shoulders Direct Investment Limited is Dr. Choi.

Dr. Choi and Head and Shoulders Direct Investment Limited jointly and severally accept 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 confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors) 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.