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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

RESULTS

The board (the "Board") of directors (the "Director(s)") of Daqing Dairy Holdings Limited (the "Company") hereby announces the audited annual results of the Company for the year ended 31 December 2011, together with comparative figures from the previous corresponding year, summarised as follows:

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2011

	Notes	2011 RMB'000	2010 RMB'000
Revenue	3	—	921,886
Cost of sales		—	(443,655)
Gross profit		—	478,231
De-consolidation of De-consolidated Subsidiaries	4	**(1,583,093)**	—
Other gains and losses		—	(968)
Selling and distribution expenses		—	(44,276)
Administration expenses		**(12,384)**	(51,717)
Finance costs		—	(14,672)
Other suspense account	5	**(11,520)**	—
(Loss)/profit before taxation	6	**(1,606,997)**	366,598
Income tax expenses	7	—	(106,010)
(LOSS)/PROFIT FOR THE YEAR		**(1,606,997)**	260,588
Total comprehensive (loss)/income for the year		**(1,606,997)**	260,588
(Loss)/profit for the year attributable to owners of the Company		**(1,606,997)**	260,588
Total comprehensive (loss)/income for the year attributable to owners of the Company		**(1,606,997)**	260,588
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	9		
Basic and diluted		**RMB(1.590)**	RMB0.333

STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2011

	Notes	**2011** **RMB'000**	2010 RMB'000
Non-current assets			
Property, plant and equipment		—	526,894
Prepaid lease payments		—	38,451
Intangible assets		—	11,535
Deferred tax assets		—	3,441
		—	580,321
Current assets			
Inventories		—	20,219
Trade and other receivables	*10*	—	15,711
Prepaid lease payments		—	847
Bank balances and cash	*11*	**3**	1,265,224
		3	1,302,001
Current liabilities			
Trade and other payables	*12*	**5,225**	111,488
Income tax liabilities		—	56,868
		5,225	168,356
Net current (liabilities)/assets		**(5,222)**	1,133,645
Total assets less current liabilities		**(5,222)**	1,713,966
Capital and reserves			
Share capital		**9**	9
Reserves		**(5,231)**	1,590,997
		(5,222)	1,591,006
Non-current liabilities			
Deferred tax liabilities		—	22,960
Borrowings		—	100,000
		—	122,960
		(5,222)	1,713,966

NOTE TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a limited company incorporated in the Cayman Islands on 15 October 2009.

The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is Room 2512, 25/F., Cosco Tower, 183 Queen's Road Central, Hong Kong.

The financial statements of the Company are presented in Renminbi ("RMB").

The Company acts as an investment holding company.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 28 October 2010 (the "Listing"). Trading in the shares of the Company has been suspended since 22 March 2012.

2.1 BASIS OF PREPARATION

The financial statements as at and for the year ended 31 December 2011 comprise the Company.

As disclosed in the Company's announcement dated 29 March 2012, during the audit process in respect of the financial year ended 31 December 2011, irregularities were identified by Deloitte Touche Tohmatsu, the predecessor auditors of the Company (the "Predecessor Auditors") that (i) certain milk procurement transactions brought to the attention of management and acknowledged by them to be fraudulent; (ii) unexplained differences between sales receipt notes sighted during the Predecessor Auditors' works in February 2012 and documents purporting to be the same sales receipt notes returned to the Company in March 2012 ostensibly following a Tax Bureau investigation; (iii) the explanation provided by management-The Tax Bureau investigation-for removing accounting records which were then not available to the Predecessor Auditors continuously during the audit; (iv) the validity and commercial substance of acquisitions of milk stations, farm houses and Holstein cattle; and (v) difficulties the Predecessor Auditors encountered during their visits to the local branch of one of the banks of the Company and its subsidiaries (the "Group") (collectively referred as to the "Potential Irregularities"). The Predecessor Auditors tendered its resignation as auditors of the Company with effect from 21 March 2012 and the Company applied for suspension of trading in the shares on the Main Board of the Stock Exchange on 22 March 2012.

It was further disclosed in the Company's announcement dated 29 March 2012 that an independent review committee comprised of the independent non-executive directors at that material time and other qualified independent individuals has been established to conduct a review on the Potential Irregularities raised by the Predecessor Auditors.

As disclosed in the Company's announcements dated 18 May 2012 and 20 June 2012, during May and June 2012, those independent non-executive directors at that material time forming the independent review committee tendered their resignation as the independent non-executive directors of the Company.

As disclosed in the Company's announcement dated 9 January 2013, on 2 January 2013, it was discovered that the heating pipes of the offices of a subsidiary, Da Qing Dairy Ltd. (大慶乳品廠有限責任公司) ("Da Qing Dairy"), located in Daqing City, Heilongjiang Province of the People's Republic of China ("PRC"), were cracked as result of severe coldness in the northern area of the PRC and pipeline aging. Due to cracking of the heating pipes, the first and the second floors of the offices had been soaked, and extensive damages were caused to the office facilities, computers and documents in the office of finance, logistics, administration and engineering departments of the Group (collectively referred to as the "Incident").

As disclosed in the Company's announcements dated 18 April 2013, on 8 February 2013, Mr. Zhao Yu ("Mr. Zhao"), then controlling shareholder of the Company at that material time, entered into a sale and purchase agreement pursuant to which Mr. Zhao agreed to sell and Radiant State Limited (the "New Controlling Shareholder") agreed to purchase the sale shares, representing 52.16% of the entire share capital of the Company at a consideration of HK$52,704,000 in cash, representing HK$0.1 per sale share (collectively referred to as the "Purchase").

As disclosed in the Company's announcement dated 5 July 2013, the New Controlling Shareholders received valid acceptances in respect of a total 83,153,622 shares in the Company under the unconditional mandatory cash offer (the "Share Acceptance"), representing 8.23% of the entire issued share capital of the Company. Following completion of the Purchase and the Share Acceptance, the New Controlling Shareholder held 60.39% equity interest in the Company.

As disclosed in the Company announcement dated 5 September 2013, Mr. Ng Kwong Chue Paul was appointed as executive director of the Company, Ms. Kou Mei In was appointed as non-executive director of the Company and Mr. Sze Lin Tang was appointed as an independent non-executive director of the Company (the "New Management").

As disclosed in the Company's announcement dated 6 November 2013, the Company engaged RSM Corporate Advisory (Hong Kong) Limited (formerly known as "RSM Nelson Wheeler Corporate Advisory Limited") (the "Forensic Accountants") to carry out forensic investigation in respect of the Potential Irregularities (the "Forensic Investigation"). It was further disclosed in the Company's announcements dated 29 January 2014, 4 April 2014, 13 June 2014, 5 September 2014, 28 November 2014 and 30 April 2015 that (1) the Forensic Accountants were yet to commence their field work as the Company and the Forensic Accountants have encountered difficulties in procuring relevant parties including the previous management of the Group to cooperate in the field work of the Forensic Investigation; (2) two PRC law firms were engaged with the objectives to (i) effect the change of legal representatives and board of directors of Da Qing Dairy, Heilongjiang Chang Qing Dairy Products Co., Ltd. (黑龍江常慶乳業有限責任公司) ("Chang Qing Dairy") and Wuchang Benniu Muye Co., Ltd (五常犇牛牧業有限責任公司) ("Benniu Muye") (collectively referred as to the "PRC Subsidiaries") through legal means; and (ii) obtain information requested by the Forensic Accountants; and (3) the contemplate change of respective legal representatives of the PRC Subsidiaries could not be effected and due to insufficient financial resources of the Company, the Forensic Investigation has been temporarily halted.

In addition, the New Controlling Shareholder appointed two individuals into the board of directors of its wholly-owned subsidiary, Global Milk Products Pte. Ltd, which is incorporated in the Republic of Singapore ("Global Milk"). However, the directors of the Company could not locate complete books and records of the Company and Global Milk and the previous managements of the Company and Global Milk have continued ignoring the request for any information. Subsequently in the shareholders meeting of Global Milk held on 3 December 2015, the Company resolved to put Global Milk into winding up, subject to further advice from legal advisers.

Given the circumstances that the directors of the Company have been unable to locate complete books and records of the Company and Global Milk and to get access to the books and records of the PRC Subsidiaries and in the absence of the Group's previous management to explain and validate the true state of the affairs of the Company at 31 December 2011, it would be extremely difficult and time consuming to ascertain the true and correct financial position and profit or loss of 31 December 2011 for the Company or to obtain sufficient documentary information to satisfy themselves regarding the treatment of the transactions during the year and various balances of the Company, Global Milk and the PRC Subsidiaries as at 31 December 2011. In the Company's board of directors (the "Board")' opinion, any reconstruction of the correct accounting records would also be almost impossible as it will be necessary to verify the information with external and independent sources and such sources may not be available or may be unreliable due to their connections with the Group's previous management or those responsible for the financial information which the Predecessor Auditors identified the Potential Irregularities within and outside of the Group.

As of the date of the financial statements of the Company, the directors of the Company have used its best effort, to the extent commercially practicable, to reconstruct the accounting records of the Company, Global Milk and the PRC Subsidiaries for the year ended 31 December 2011, applying the best estimates and judgement based on the information of the Group that are available to the directors of the Company. However, given substantial portion of the books and records could not be located or accessed and the previous management of the Group did not response to the New Management's request, the Board believes that as at the date of approval of the financial statements, it is impossible and impractical to ascertain the transactions and balances of the Company, Global Milk and the PRC Subsidiaries for inclusion in the financial statements of the Company for the year ended 31 December 2011. Also, due to substantial portion of the books and records of the Group could not either be located or accessed, the Board believes that it is almost impossible, and not practical, to verify the financial information as reported in the consolidated financial statements of the Group for the previous years. Accordingly, the comparative financial information disclosed in the financial statements only represents such information as reported in the consolidated financial statements of the Group for the year ended 31 December 2010 (the "2010 Financial Statements") and therefore may not be comparable with the figures for the current year.

Given these circumstances, the Board has not consolidated the financial statements of Global Milk and the PRC Subsidiaries (collectively referred to as the "De-consolidated Subsidiaries") and no consolidated financial statements of the Company were prepared for the year ended 31 December 2011. As such, the results, assets and liabilities of the De-consolidated Subsidiaries have not been included into the financial statements of the Company since 1 January 2011. The resulting loss on de-consolidation of approximately RMB1,583,093,000, which is determined based on the net asset value of the De-consolidated Subsidiaries as at 1 January 2011 has been recognised in the statement of profit or loss and other comprehensive income during the year ended 31 December 2011 and the resulting movement of approximately RMB55,996,000 has been recorded in the statutory surplus reserve in the statement of changes in equity for the year ended 31 December 2011. Details of the De-consolidated subsidiaries were set out in note 4.

In the opinion of the directors of the Company, the financial statements as at and for the year ended 31 December 2011 prepared on the aforementioned basis is the most appropriate way of presenting the results and state of affairs of the Company and the Group as the directors of the Company were unable to obtain sufficient documentary information to satisfy themselves regarding the transactions and balances related to the De-consolidated Subsidiaries. However, the de-consolidation of the De-consolidated Subsidiaries is not in compliance with the requirements of International Financial Reporting Standard ("IFRS") 10 "Consolidated Financial Statements". Given the abovementioned circumstances, the directors of the Company are unable to ascertain the impact of the Potential Irregularities with respect to the accounting records and transactions of the De-consolidated Subsidiaries, if any, and the de-consolidation of the De-consolidated Subsidiaries on the financial statements.

Due to limited books of accounts and records available to the directors of the Company, the following disclosures have not been made in the financial statements:

— Details of the credit policy and aging of debtors and creditors as required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules");

— Details of contingent liabilities and commitments as required by the Hong Kong Companies Ordinance and IFRSs;

— Details of allowance account for credit losses, financial risk management and fair value disclosure as required by IFRS 7, "Financial Instruments — Disclosures"; and

— Entity-wide disclosures as required by IFRS 8, "Operating Segments".

Any adjustments arising from the matters described above would have a consequential significant effect on the net loss of the Company for the year ended 31 December 2011 and net liabilities of the Company as at 31 December 2011.

Due to the limited financial information available and the previous management of the Group did not response to the New Management's request, the directors of the Company were unable to obtain sufficient documentary information to satisfy themselves regarding the genuineness and completeness of books and records and the treatment of various balances as included in the financial statements for the year ended 31 December 2011 and have formed the opinion as follows:

As the financial statements have been prepared based on the lack of books and records available to the Company, the directors of the Company are unable to represent that all transactions entered into by the Company for the year ended 31 December 2011 have been properly reflected in the financial statements. In this connection, the directors of the Company are also unable to represent as to the completeness, existence and accuracy of identification and the disclosures of revenue and segment information, de-consolidation of De-consolidated Subsidiaries, other gains and losses, finance costs, (loss)/profit before taxation, directors' and employees' emoluments, income tax expenses, dividends, (loss)/earnings per share, property, plant and equipment, prepaid lease prepayments, intangible assets, deferred tax assets/(liabilities), inventories, trade and other receivables, bank balances and cash, trade and other payables, borrowings, share-based payments, non-cash transactions, retirement benefit plans, related party transactions, commitments and contingent liabilities.

As per assessment by the Board, based on the investigations carried out by the Forensic Accountants and the information available at this stage, all identified, required adjustments have been put through in the financial statements for the year ended 31 December 2011. Since the investigations may be on-going, any further adjustments and disclosures, if required, would be made in the financial statements of the Company as and when the outcome of the above uncertainties is known and the consequential adjustments and disclosures are identified, and would have a consequential effect on the net loss of the Company for the year ended 31 December 2011 and the net liabilities of the Company as at 31 December 2011.

During the year ended 31 December 2011, the Company incurred loss of approximately RMB1,606,997,000. In addition, following de-consolidation of the De-consolidated Subsidiaries, the Company become an investment holding company without conducting other business. It was further disclosed in the Company's announcements dated 19 May 2015 and 23 November 2015 respectively that the Stock Exchange has placed the Company in the first delisting stage on 14 May 2015 and subsequently placed in the second delisting stage on 19 November 2015 pursuant to Practice Note 17 of the Listing Rules. The directors of the Company have also been unable to represent that all present and contingent liabilities of the Company have been completely identified as abovementioned. These conditions indicate the existence of a material uncertainty which may cast significant effect on the Company's ability to continue as a going concern.

As disclosed in the Company's announcement dated 23 June 2015, on 4 May 2015, the New Controlling Shareholder entered into a sale and purchase agreement with Global Courage Limited ("Global Courage") pursuant to which the New Controlling Shareholder agreed to sell and Global Courage agreed to purchase the sale shares, representing of approximately 60.39% of the entire share capital of the Company at a consideration of approximately HK$61,019,000, representing HK$0.1 per sale share.

Given the circumstance that there exists potential new shareholder to invest in the Company, the directors of the Company have adopted the going concern basis in the preparation of the financial statements.

Should the Company be unable to achieve a successful restructuring and to continue to operate as a going concern, adjustments would have to be made to the financial statements to adjust the value of the Company's assets to their recoverable amounts, to provide for any further liabilities which might arise. The effect of these adjustments has not been reflected in the financial statements.

2.2 APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

Changes in accounting policy and disclosures

The Company has adopted the following new and revised IFRSs for the first time for the current year's financial statements:

IFRS 1 Amendment	Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards — Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters
IAS 24 (Revised)	Related Party Disclosures
IAS 32 Amendment	Amendment to IAS 32 Financial Instruments: Presentation — Classification of Rights Issues
IFRIC 14 Amendments	Amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
Improvements to IFRSs 2010	Amendments to a number of IFRSs issued in May 2010

Other than as further explained below regarding the impact of IAS 24 (Revised), and amendment to IFRS 3, IAS 1 and IAS 27 included in Improvements to IFRSs 2010, the adoption of the new and revised IFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these IFRSs are as follows:

(a) *IAS 24 (Revised) Related Party Disclosures*

IAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Company. Details of the related party transactions, including the related comparative information.

(b) Improvements to IFRSs 2010 issued in May 2010 sets out amendments to a number of IFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the financial position or performance of the Company. Details of the key amendments most applicable to the Company are as follows:

- IFRS 3 Business Combinations: The amendment clarifies that the amendments to IFRS 7, IAS 32 and IAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of IFRS 3 (as revised in 2008).

  In addition, the amendment limits the scope of measurement choices for non-controlling interests. Only the components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another IFRS.

  The amendment also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

- IAS 1 Presentation of Financial Statements: The amendment clarifies that an analysis of each component of other comprehensive income can be presented either in the statement of changes in equity or in the notes to the financial statements. The Company elects to present the analysis of each component of other comprehensive income in the statement of changes in equity.

- IAS 27 Consolidated and Separate Financial Statements: The amendment clarifies that the consequential amendments from IAS 27 (as revised in 2008) made to IAS 21, IAS 28 and IAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier.

Early adoption of new/revised IFRSs

During the year, the Company has early adopted the following new/revised IFRSs where early adoption is permitted:

IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 10, IFRS 11 and IFRS 12 Amendments	Amendments to IFRS 10, IFRS 11 and IFRS 12 — Transition Guidance
IAS 27 (2011)	Separate Financial Statements
IAS 28 (2011)	Investments in Associates and Joint Ventures
IAS 1 Amendments	Amendments to IAS 1 Presentations of Financial Statement — Presentation of Items of Other Comprehensive Income

IFRS 10: Consolidated Financial Statements

IFRS 10 establishes a single control model that applies to all entities including special purpose entities or structured entities. It includes a new definition of control which is used to determine which entities are consolidated. The changes introduced by IFRS 10 require management of the Company to exercise significant judgment to determine which entities are controlled, compared with the requirements in IAS 27 and SIC 12 Consolidation — Special Purpose Entities. IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addressed the issues raised in SIC 12. Based on the preliminary analyses performed, IFRS 10 is not expected to have any impact on the currently held investments of the Company.

IFRS 11: Joint Arrangements

IFRS 11 replaces IAS 31 Interests in Joint Ventures. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation. The classification of joint arrangements under IFRS 11 depends on the parties' rights and obligations arising from the arrangements. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities of the arrangement and is accounted for on a line-by-line basis to the extent of the joint operators' rights and obligations in the joint operation. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement and is required to be accounted for using the equity method in accordance with IAS 28 (2011).

The application of IFRS 11 had no impact on the Company's results of operations or financial position.

IFRS 12: Disclosure of Interests in Other Entities

IFRS 12 includes the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in IAS 27 Consolidated and Separate Financial Statements, IAS 31 Interests in Joint Ventures and IAS 28 Investments in Associates. It also introduces a number of new disclosure requirements for these entities.

Amendments to IFRS 10, IFRS 11 and IFRS 12: Transition Guidance

In June 2012, the International Accounting standards Board (the "IASB") issued amendments to IFRS 10, IFRS 11 and IFRS 12 which clarify the transition guidance in IFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Company is different between IFRS 10 and IAS 27 or SIC-12 at the beginning of the annual period in which IFRS 10 is applied for the first time. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied.

IAS 27 (2011) and IAS 28 (2011)

IAS 27 (2011) was issued following the issuance of IFRS 10. The revised IAS 27 only deals with the accounting for subsidiaries, associates and joint ventures in the separate financial statements of the parent company. The adoption of IAS 27 (2011) does not have any impact on the Company's financial statements as it already complies with the requirements of the standard.

IAS 28 (2011) stipulates that the equity method shall be applied to both joint ventures and associates. Under the equity method, the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the investee. The consolidated statement of comprehensive income includes the Company's share of the post-acquisition profit or loss and the Company's share of movements in other comprehensive income of the investee.

Amendments to IAS 1: Presentation of Financial Statement — Presentation of Items of Other Comprehensive Income

The IAS 1 Amendments change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gain on hedge of a net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendments will affect presentation only and have no impact on the financial position or performance.

Issued but not yet effective International Financial Reporting Standards

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective, in these financial statements:

IFRS 1 Amendments	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
IFRS 1 Amendments	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards — Government Loans[3]
IFRS 7 Amendments	Amendments to IFRS 7 Financial Instruments: Disclosures — Transfers of Financial Assets[1]
IFRS 7 Amendments	Amendments to IFRS 7 Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities[3]
IFRS 9 (2014)	Financial Instruments[9]
Amendments to IFRS 10 and IAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[7]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[7]
IFRS 13	Fair Value Measurement[3]
IFRS 14	Regulatory Deferral Accounts[10]
IFRS 15	Revenue from Contracts with Customers[8]
IFRS 16	Leases[11]
IFRS 10, IFRS 12 and IAS 27 (Revised) Amendments	Amendments to IFRS 10, IFRS 12 and IAS 27 (2011) — Investment Entities[4]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[7]
Amendments to IAS 1	Disclosure Initiative[7]
IAS 12 Amendments	Amendments to IAS 12 Income Taxes — Deferred Tax: Recovery of Underlying Assets[2]
IAS 19 (2011)	Employee Benefits[3]
IAS 19 Amendments	Amendments to IAS 19 Employee Benefits — Defined Benefit Plan: Employee Contributions[5]
IAS 32 Amendments	Amendments to IAS 32 Financial Instruments: Presentation — Offsetting Financial Assets and Financial liabilities[4]
IAS 36 Amendments	Recoverable Amount Disclosures for Non-Financial Assets[4]
IAS 39 Amendments	Amendments to IAS 39 Financial Instruments: Recognition and Measurement — Novation of Derivatives and Continuation of Hedge Accounting[4]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[7]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[7]
Amendments to IAS 27 (2011)	Equity Method in Separate Financial Statements[7]
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine[3]
IFRIC 21	Levies[4]
Annual Improvements 2009–2011 Cycle	Amendments to a number of IFRSs issued in May 2012[3]
Annual Improvements 2010–2012 Cycle	Amendments to a number of IFRSs issued[5]
Annual Improvements 2011–2013 Cycle	Amendments to a number of IFRSs issued[5]
Annual Improvements 2012–2014 Cycle	Amendments to a number of IFRSs[7]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 January 2012
3 Effective for annual periods beginning on or after 1 January 2013
4 Effective for annual periods beginning on or after 1 January 2014
5 Effective for annual periods beginning on or after 1 July 2014

[6] Effective for annual periods beginning on or after 1 January 2015
[7] Effective for annual periods beginning on or after 1 January 2016
[8] Effective for annual periods beginning on or after 1 January 2017. In July 2015, the IASB confirmed to delay the effective date by one year to 1 January 2018.
[9] Effective for annual periods beginning on or after 1 January 2018
[10] Effective for an entity that first adopts IFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Company
[11] Effective for annual periods beginning on or after 1 January 2019

3. REVENUE AND SEGMENT INFORMATION

As disclosed in note 2.1, the directors of the Company have been unable to locate and to get access to the complete books and records of the Company and the De-consolidated Subsidiaries for the current and the previous years. Given the incomplete books and records and the previous management of the Group did not response to any request for information, it is impossible and impracticable for the directors of the Company to ascertain the amounts for the current and the previous years. No representation is therefore made by the directors of the Company as to the completeness, occurrence and accuracy of the revenue and segment information as of the date of approval of the financial statements.

4. DE-CONSOLIDATION OF DE-CONSOLIDATED SUBSIDIARIES

As explained in note 2.1, the directors of the company have been unable to locate and to get access to the complete books and records of the Company and the De-consolidated Subsidiaries for the current and the previous years and the previous management of the Group did not response to any request for information. The financial results, assets and liabilities of the De-consolidated Subsidiaries have not been included in the financial statements of the Company and no consolidated financial statements were prepared since 1 January 2011.

Details of the net assets of the De-consolidated Subsidiaries as at 1 January 2011 are set out below:

(a) De-consolidation of De-consolidated Subsidiaries

	2011
	RMB'000
Property, plant and equipment	**526,894**
Prepaid lease payments	**39,298**
Intangible assets	**11,535**
Deferred tax assets	**3,441**
Inventories	**20,219**
Trade and other receivables	**14,924**
Bank balances and cash	**1,253,701**
Trade and other payables	**(107,091)**
Income tax liabilities	**(56,868)**
Borrowings	**(100,000)**
Deferred tax liabilities	**(22,960)**
Net assets of the De-consolidated Subsidiaries attributable to the Company	**1,583,093**
Loss on de-consolidation of De-consolidated Subsidiaries	**(1,583,093)**

(b) Net cash outflow arising on de-consolidation of De-consolidated Subsidiaries

	2011
	RMB'000
Cash and cash equivalents of De-consolidated Subsidiaries	**(1,253,701)**

(c) Amount due to the De-consolidated Subsidiaries

Amounts due to the De-consolidated Subsidiaries included in the statement of financial position were as follows:

	2011
	RMB'000
Trade and other payables	**810**

5. OTHER SUSPENSE ACCOUNT

As disclosed in notes 2.1 and 11, the directors of the Company have been unable to locate the complete books and records of the Company for the current and the previous years. The other suspense account represents loss recognised in respect of the bank balances and cash of which the directors of the Company have been unable to locate relevant bank accounts and whereabouts of the bank balances and cash. Given the incomplete books and records and the previous management of the Group did not response to any request for information, it is impossible and impracticable for the directors of the Company to ascertain the amounts for the current and the previous years. No representation is therefore made by the directors of the Company as to the completeness, occurrence and accuracy of the loss recognised in respect of other suspense account as of the date of approval of the financial statements.

6. (LOSS)/PROFIT BEFORE TAXATION

The Company's (loss)/profit before tax is arrived at after charging the amounts as set out below.

	2011	2010
	RMB'000	*RMB'000*
(Loss)/profit before taxation has been arrived at after charging:		
Staff costs (including directors' emoluments):		
— Salaries and wages	**—**	15,368
— Retirement benefit scheme contributions	**—**	1,325
	—	16,693
Auditors' remuneration	**828**	1,380
Impairment loss recognised in respect of trade and other receivables	**787**	—
Amortisation of intangible assets	**—**	1,520
Capital expenditure*	**—**	13,296
Cost of inventories recognised as an expense	**—**	443,655
Depreciation of property, plant and equipment	**—**	26,338
Release of prepaid lease payments	**—**	1,104
Research and development expenses	**—**	163

* Capital expenditure consists of additions to property, plant and equipment.

As disclosed in note 2.1, the directors of the Company have been unable to locate and to get access to the complete books and records of the Company and the De-consolidated Subsidiaries for the current and the previous years. Given the incomplete books and records and the previous management of the Group did not response to any request for information, it is impossible and impracticable for the directors of the Company to ascertain the amounts for the current and the previous years. No representation is therefore made by the directors of the Company as to the completeness, occurrence and accuracy of those expenses as of the date of approval of the financial statements.

7. INCOME TAX EXPENSES

	2011	2010
	RMB'000	*RMB'000*
Income tax expenses comprise:		
Current PRC enterprise income tax	—	110,389
Deferred taxation	—	(4,379)
	—	106,010

Hong Kong Profits Tax rate was 16.5%. No provision for Hong Kong Profits Tax has been made as the Company did not have any assessable profit arising in Hong Kong for the year.

The statutory tax rate of Global Milk for the year ended 31 December 2010 was 17%. No provision for Singapore income tax has been made as the Group did not derive any taxable income in the Republic of Singapore for the year ended 31 December 2010.

The statutory tax rate of the PRC Subsidiaries for the year ended 31 December 2010 was 25%.

As disclosed in note 2.1, the directors of the Company have been unable to locate and to get access to the complete books and records of the Company and the De-consolidated Subsidiaries for the current and the previous years. Given the incomplete books and records and the previous management of the Group did not response to any request for information, it is impossible and impracticable for the directors of the Company to ascertain the amounts for the current and the previous years. No representation is therefore made by the directors of the Company as to the completeness and accuracy of the income tax expenses as of the date of approval of the financial statements.

8. DIVIDEND

No dividend has been paid or proposed by the Company during the year ended 31 December 2011 (2010: RMB Nil).

As disclosed in note 2.1, the directors of the Company have been unable to locate complete books and records of the Company for the current and the previous years. Given the incomplete books and records and the previous management of the Group did not response to any request for information, it is impossible and impracticable for the directors of the Company to ascertain amounts for the current and the previous years. No representation is therefore made by the directors of the Company as to the completeness and accuracy of the dividend as of the date of approval of the financial statements.

9. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic (loss)/earnings per share attributable to owners of the Company is based on the following data:

	2011 *RMB'000*	2010 *RMB'000*
(Loss)/earnings		
(Loss)/profit for the year attributable to owners of the Company for the purpose of basic (loss)/earnings per share	**(1,606,997)**	260,588

	2011	2010
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**1,010,500,000**	781,507,977

As disclosed in note 2.1, the directors of the Company have been unable to locate complete books and records of the Company for the current and the previous years. Given the incomplete books and records and the previous management of the Group did not response to any request for information, it is impossible and impracticable for the directors of the Company to ascertain amounts for the current and the previous years. No representation is therefore made by the directors of the Company as to the accuracy of the (loss)/earnings per share of the Company as of the date of approval of the financial statements.

The computation of the diluted loss per share for the year ended 31 December 2011 does not assume the conversion of the Company's outstanding share options since their exercise would result in a decrease in the loss per share for the year.

There were no potential dilutive shares in existence during the year ended 31 December 2010 and therefore, no diluted (loss)/earnings per share amounts have been presented.

10. TRADE AND OTHER RECEIVABLES

	2011 *RMB'000*	2010 *RMB'000*
Trade receivables	**787**	10,525
Advances to suppliers	**—**	3,905
Prepayments	**—**	835
Amount due from a related party	**—**	251
— 大慶市百信源商品混凝土有限公司(Daqing Baixinyuan Concrete Products Co., Ltd.,# "Daqing Baixinyuan")		
Others	**—**	195
	787	15,711
Impairment losses recognised	**(787)**	—
	—	15,711

The English name is for identification purpose only.

As disclosed in note 2.1, the directors of the Company have been unable to locate complete books and records for the current year and the previous years. Given the incomplete books and records and the previous management of the Group did not response to any request for information, it is impossible and impracticable for the directors of the Company to ascertain the balances for the current and the previous years. No representation is therefore made by the directors of the Company as to the completeness, existence and accuracy of the trade and other receivables of the Company, or to perform a detailed analysis of the Company's trade and other receivable aging, credit policy and impairment assessment.

11. BANK BALANCES AND CASH

As disclosed in note 32 of the Group's consolidated financial statements for the year ended 31 December 2010, a bank balances and cash amounted to approximately RMB11,523,000 was recorded on the statement of financial position of the Company at 31 December 2010. Except for bank balances of approximately RMB3,000, the directors of the Company have not been able to locate relevant bank accounts and whereabouts of the bank balances and cash. The Company engaged the Forensic Accountants to conduct investigations, including (i) send letters to the Predecessor Auditors to request them provide the relevant bank information; and (ii) send letters to banks in Hong Kong (including licensed banks, restricted licensed banks and deposit-taking companies) (collectively referred as to the "Banks") to make enquiry on whether the Company maintained any accounts in the Banks. However, as of the date of approval of the financial statements, the Predecessor Auditors only replied that the relevant information was not available as it was located in their PRC office. In addition, no Banks have indicated the existence of any bank accounts of the Company up to the date of approval of the financial statements. Given these circumstances, the directors of the Company recognised a loss of approximately RMB11,520,000 as other suspense account in the statements of profit or loss and other comprehensive income for the year ended 31 December 2011.

As disclosed in note 2.1, the directors of the Company have been unable to locate complete books and records of the Company, including bank accounts of the Company for the current and the previous years. Given the incomplete books and records of the Company and the Company's previous management did not response to the request for information of the relevant bank accounts, it would be impossible and impracticable to ascertain the balance of the bank balances and cash as of 1 January 2011 and 31 December 2011 and transactions took place for the year ended 31 December 2011 and to obtain sufficient documentary information to satisfy themselves regarding the nature, completeness, existence and accuracy of the bank transactions. No representation is therefore made by the directors of the Company as to the completeness, existence and accuracy of the bank balances and cash as of the date of approval of the financial statements.

12. TRADE AND OTHER PAYABLES

	2011	2010
	RMB'000	*RMB'000*
Trade payables	**—**	5,955
Advances from customers	**—**	36,571
Amount due to a related company (Dazheng Real Estate Development Co., Ltd., "Dazheng Real Estate")	**—**	200
Payable on acquisition of property, plant and equipment:		
— 大慶市大正建築安裝有限公司 (Daqing City Dazheng Building Installation Co., Ltd.#, "Dazheng Building"), a related company	**—**	7,255
— Others	**—**	21,573
	—	28,828
Other tax payables	**—**	19,824
Accrued expenses	**828**	18,857
Amount due to a subsidiary	**810**	—
Other payables	**3,587**	1,253
	5,225	111,488

The English name is for identification purpose only.

As disclosed in note 2.1, the directors of the Company have been unable to locate and to get access to the complete books and records of the Company and the De-consolidated Subsidiaries for the current and the previous years. Given the incomplete books and records and the previous management of the Group did not response to any request for information, it is impossible and impracticable for the directors of the Company to ascertain the balances for the current and the previous years. No representation is therefore made by the directors of the Company as to the completeness, existence and accuracy of the trade and other payables as of the date of approval of the financial statements.

13. COMMITMENTS

	2011	2010
	RMB'000	*RMB'000*
Capital expenditure in respect of acquisition of property, plant and equipment		
— contracted for but not provided in the financial statements	—	11,189
— authorised for but not contracted for	—	298,580
	—	309,769

On 19 November 2010, the Company's made the following announcement:

(a) The Board has resolved on 18 November 2010 to approve, inter alia, the investment in and construction of a dairy farm (the "Group's Dairy Farm") by Chang Qing Dairy, an indirect wholly-owned subsidiary of the Company, in Erhe Township which is approximately 30 km north-east of Wuchang City centre, Heilongjiang Province, the PRC (the "Project").

    The Company will use approximately HK$350.9 million of the net proceeds from the Hong Kong public offer and International placing of the Company's shares to fund the Project which will comprise approximately RMB300 million for the acquisition of the land use rights of the requisite parcel of land (including fees payable for the grant of permission to occupy such land), the construction of the Group's Dairy Farm and the purchase of dairy cows. The Group will also invest approximately RMB40 million for the construction of a bio-organic fertilizers and bio-gas power generation facility for the Group's Dairy Farm.

(b) In addition, Chang Qing Dairy has on 3 November 2010 entered into a framework agreement with the Wuchang Government, pursuant to which Chang Qing Dairy will be allowed to occupy 500 mu (approximately 333,333 square meters) forested land area located in Erhe Township.

Details of the above are set out in the Company's announcement dated 19 November 2010.

As disclosed in note 2.1, the directors of the Company have been unable to locate and to get access to the complete books and records of the Company and the De-consolidated Subsidiaries for the current and the previous years. Given the incomplete books and records and the previous management of the Group did not response to any request for information, it is impossible and impracticable for the directors of the Company to ascertain the balances for the current and the previous years. No representation is therefore made by the directors of the Company as to the completeness, existence and accuracy of the disclosure of commitments as of the date of approval of the financial statements.

14. CONTINGENT LIABILITIES

As disclosed in note 2.1, the directors of the Company have been unable to locate and to get access to the complete books and records of the Company and the De-consolidated Subsidiaries for the current and the previous years. Given the incomplete books and records and the previous management of the Group did not response to any request for information, it is impossible and impracticable for the directors of the Company to ascertain the balances for the current and the previous years. No representation is therefore made by the directors of the Company as to the completeness, existence and accuracy of the disclosure of contingent liabilities as of the date of approval of the financial statements.

15. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in the financial statements, the Company had the following events after the end of the reporting period:

Changes in the directors of the Company

(i) Mr. Chiang Chi Kin Stephen was appointed as independent non-executive director of the Company with effect from 28 November 2012 and resigned with effect from 31 December 2013.

(ii) Mr. Ng Kwong Chue Paul was appointed as executive director of the Company with effect from 5 September 2013.

(iii) Ms. Kou Mei In was appointed as non-executive director and chairlady of the Company with effect from 5 September 2013.

(iv) Mr. Sze Lin Tang was appointed as independent non-executive director of the Company with effect from 5 September 2013.

(v) Mr. Qiu Xiaohua was appointed as independent non-executive director of the Company with effect from 24 January 2014.

(vi) Mr. Zhang Zhou resigned as independent non-executive director of the Company with effect from 15 May 2012.

(vii) Ms. Chan Wah Man Carman and Mr. Cheung Hok Fung Alexander resigned as independent non-executive directors of the Company with effect from 14 June 2012 and 15 June 2012, respectively.

(viii) Mr. Fu Chong resigned as an executive director of the Company with effect from 1 October 2012.

(ix) Mr. Xia Yuan Jun resigned as executive as director and deputy chief executive director of the Company on 3 January 2013.

(x) Mr. Zhao and Mr. Fong Pin Jan resigned as executive directors of the Company with effect from 10 January 2013.

(xi) Mr. Zhao Chuanwen ("Mr. Zhao CW") resigned as director of the Company with effect from 21 January 2013.

Year 2012

(a) The 21 February 2012 announcement

On 21 February 2012 (after trading hours), the Company entered into a memorandum of understanding with City Skyline Capital Limited ("City Skyline") in relation to the proposed acquisition of the entire issued share capital of Mingford Development Limited by the Company. To the best of the knowledge, information and belief of the directors of the Company, and having made all reasonable enquires, City Skyline and its ultimate beneficial owners are independent third parties to the Company.

(b) The 22 and 29 March 2012 announcements

On 21 March 2012, the Predecessor Auditors tendered its resignation as the auditors of the Company. The trading of shares of the Company were suspended on 22 March 2012. The Board then established an independent review committee (the "IRC") comprising the independent non-executive directors and other qualified independent individuals for the purpose of conducting a fresh review of the Potential Irregularities.

(c) *The 13 April 2012 and 7 May 2012 announcements*

On 13 April 2012, additional members were appointed into the IRC and the Company appointed Optima Capital Limited ("Optima") as it's adviser to assist the Company in handling the issue arising from the resignation of the Predecessor Auditors and suspension of trading in the shares of the Company.

On 7 May 2012, the Company appointed BDO Financial Services Limited as the Company's independent professional adviser for the purpose of review the Potential Irregularities.

(d) *The 20 June 2012 announcement*

On 31 May 2012, an investor of the Company expressed its disagreement to the Board in handling the affairs after resignation of the Predecessor Auditors and the measures taken by the Company towards resumption of trading of shares of the Company.

On 19 June 2012, Optima resigned as the Company's financial adviser with effective from 22 June 2012.

(e) *The 9 November 2012 announcement*

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

Year 2013

(f) *The 9 January 2013 announcement*

On 2 January 2013, it was discovered that the heating pipes of the offices of the subsidiary, Da Qing Dairy, were cracked as result of severe coldness (below minus 32℃) in the northern area of the PRC and pipeline aging. Due to cracking of the heating pipes, the first and second floors of the offices have been soaked, where extensive damages were caused to the office facilities, computers and documents in the offices of the finance, logistics, administration and engineering departments of the Group.

(g) *The 18 April 2013 announcement*

On 8 February 2013, Mr. Zhao entered a sale and purchase agreement (as supplemented and rectified by a supplemental agreement dated 11 March 2013) pursuant to which Mr. Zhao agreed to sell and the New Controlling Shareholder 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.

(h) *The 5 July 2013 Announcement*

On 5 July 2013, the New Controlling Shareholder (i) had received valid acceptances in respect of a total of 83,153,622 Shares under the share offer, representing approximately 8.23% of the existing issued share capital of the Company as at the date of this announcement and (ii) had not received any valid acceptance in respect of the share options under the option offer.

(i) *The 6 November 2013 announcement*

On 6 November 2013, the Company announced it has retained the Forensic Accountants for the purpose of conducting the Forensic Investigation over the Potential Irregularities.

With effective from 25 September 2013, each of Mr. Zhao CW and Mr. Chiok Gay Shing Andrew ceased to be a director of Global Milk, and Mr. Maung Shwe Linn and Ms. Gao Mei Jie have been newly appointed to act as directors of Global Milk.

Year 2014

(j) The 29 January 2014, 4 April 2014, 13 June 2014, 5 September 2014 and 28 November 2014 announcements

The Forensic Accountants has commenced its work including but not limited to making inquiries and performing preliminary research on the Potential Irregularities. However, as most financial documents and records were said to be damaged and irretrievable within the Group due to the Incident and given the limited knowledge of the New Management to the Potential Irregularities, there is difficulty for the Company to reconstruct or locate such records. The Company has been making every effort to retrieve such information from different sources and parties.

However, field works of the Forensic Accountants has yet to commence as the Company encountered difficulties in procuring the relevant parties including the original management to cooperate to enable the field work of the Forensic Accountants to be commenced. Having said that, the Company tried its best efforts to resolve these issues in order to allow the Forensic Accountants to start its field work and to satisfy the resumption conditions imposed by the Stock Exchange as soon as possible.

In order to resolve the above difficulties, the Company engaged two PRC law firms with the objectives to: (i) effect the change of legal representatives and board of directors of the PRC Subsidiaries through legal means; and (ii) obtain the information requested by the Forensic Accountants. The Forensic Accountants have also adjusted the direction of its work plan to place more reliance on the information to be obtained from the third parties sources.

Nevertheless, in view of the uncooperative approach by the existing management of the PRC Subsidiaries, the Forensic Accountants and the Company experienced considerable difficulties in obtaining the necessary information for the purpose of the forensic review. The Forensic Investigation is still ongoing though at a slow pace in view of the difficulties involved.

According to the latest information available to the Board, the Board has reasonable belief that the PRC Subsidiaries, namely Da Qing Dairy and Benniu Muye are still operating their ordinary business while Chang Qing Dairy was suspected to have suspended its production recently.

The Company has served notice to require the board of directors of the PRC Subsidiaries to effect the change of their respective legal representatives to the person nominated by the Board. However, the Board has not received any positive feedback yet and the Board is considering the available legal remedies to effect the contemplated change of the respective legal representatives.

Year 2015

(k) The 30 April 2015 announcement

Due to insufficient financial resources of the Company, the Forensic Investigation has been temporarily halted.

While the Board will proceed with the legal remedies to effect the change in the legal representatives of the PRC Subsidiaries, the Board is not optimistic that it can be done in a short period of time. In this regard, the Board is exploring alternative approach to reflect the lack of effective control on the PRC Subsidiaries.

(l) The 19 May 2015 announcement

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 of the Company; (b) the Company has been facing difficulties in exercising control over the PRC Subsidiaries; (c) the Company was refused 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 of 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 business days before the expiry of the first delisting stage.

(m) The 1 June 2015 announcement

On 1 June 2015, the company secretary of the Company was changed to Ms. Wong Po Ling, Pauline and the address of principal place of business in Hong Kong was changed to Room 2512, 25/F., Cosco Tower, 183 Queen's Road Central, Hong Kong.

(n) The 23 June 2015 announcement

On 4 May 2015, the New Controlling Shareholder entered into a sale and purchase agreement with Global Courage pursuant to which the New Controlling Shareholder agreed to sell and Global Courage agreed to purchase the sale shares, representing of approximately 60.39% of the entire share capital of the Company at a consideration of approximately HK$61,019,000, representing HK$0.1 per sale share.

Upon completion and as at the date of this joint announcement, the Global Courage 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 Global Courage is required to make an unconditional mandatory general offer in cash for all the issued shares other than those already owned by the Global Courage and parties acting in concert with it.

Head & Shoulders Securities will, on behalf of the Global Courage, 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 Global Courage to the New Controlling Shareholder under the sale and purchase agreement. Veda Capital, being the financial adviser to the Global Courage in respect of the offer, is satisfied that sufficient financial resources are available to the Global Courage 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 Global Courage 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.

(o) The 23 November 2015 announcement

On 19 November 2015, the Stock Exchange issued a letter to the Company stating that: (i) the first delisting stage has expired on 13 November 2015 but the Company has not submitted any resumption proposal before the deadline; and (ii) the Stock Exchange decided to place the Company in the second delisting stage under Practice Note 17 of the Listing Rules. The second delisting stage will expire on 18 May 2016. The Company should provide a viable resumption proposal at least 10 business days before the second delisting stage expires (i.e. 3 May 2016).

As disclosed in note 2.1, the directors of the Company have been unable to locate and to get access to the complete books and records of the Company and the De-consolidated Subsidiaries for the current and the previous years. Given the incomplete books and records and the previous management of the Group did not response to any request for information, it is impossible and impracticable for the directors of the Company to ascertain the amounts for the current and the previous years. No representation is therefore made by the directors of the Company as to the completeness, existence and accuracy of the events after the reporting period as of the date of approval the financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

At the request of the Company, trading in the shares of the Company has been suspended since 22 March 2012 due to the resignation of Deloitte Touche Tohmatsu, the predecessor auditors of the Company (the "Predecessor Auditors") and delay in publication of the annual results of the Company and its subsidiaries (collectively referred to as the "Group") for the years ended 31 December 2011, 2012, 2013 and 2014 and the interim results thereof.

On 21 March 2012, the Board and audit committee of the Company received a letter from the Predecessor Auditors advising their resignation as auditors of the Company. As set out in the resignation letter dated 21 March 2012 from the Predecessor Auditors advising their concerns (the "Potential Irregularities") to the financial statements including: 1) certain milk procurement transactions brought to the attention of former management and acknowledged by them to be fraudulent; 2) unexplained differences between sales receipt notes sighted during audit work in February 2012 and documents purporting to be the same sales receipt notes returned to the Company in March 2012 ostensibly following a Tax Bureau investigation; 3) the explanation provided by former management — The Tax Bureau investigation — for removing accounting records which were then not available to the Predecessor Auditors continuously during the audit; 4) the validity and commercial substance of acquisitions of milk stations, farm houses and Holstein cattle; and 5) difficulties of which the Predecessor Auditors encountered during their visits to the local branch of one of the Group's banks.

An independent review committee comprised of those independent non-executive Directors at that material time and other qualified independent individuals was established in March 2012 to conduct a review on the Potential Irregularities. Subsequently, the independent review committee was dissolved due to the resignations of those independent non-executive Directors.

On 2 January 2013, it was discovered that the heating pipes of the offices of the subsidiary, 大慶乳品廠有限責任公司 (for identification purpose, Da Qing Dairy Ltd.) located in Daqing City, Heilongjiang Province of the People's Republic of China (the "PRC"), were cracked as result of severe coldness (below minus 32℃) in the northern area of the PRC and pipeline aging. Due to cracking of the heating pipes, the first and second floors of the offices had been soaked, and extensive damages were done to the office facilities, computers and documents in the offices of the finance, logistics, administration and engineering departments of the Group.

On 8 February 2013, the then controlling shareholder of the Company, Mr. Zhao Yu, entered into a sale and purchase agreement pursuant to which Mr. Zhao agreed to sell and Radiant State Limited (the "New Controlling Shareholder") agreed to purchase the sale shares, representing approximately 52.16% of the entire share capital of the Company at a consideration of HK$52,704,000, representing HK$0.1 per sale share (the "General Purchase"). As disclosed in the announcement of the Company dated 5 July 2013, the New Controlling Shareholder received valid acceptances in respect of a total 83,153,622 shares in the Company under the unconditional mandatory cash offer (the "Share Acceptance"), representing 8.23% of the entire issued share capital of the Company. Following completion of the General Purchase and the Share Acceptance, the New Controlling Shareholder held 60.39% equity interest in the Company.

On 5 September 2013, Mr. Ng Kwong Chue Paul was appointed as executive Director, Ms. Kou Mei In was appointed as non-executive Director and Mr. Sze Lin Tang was appointed as an independent non-executive Director.

On 6 November 2013, the Company has engaged RSM Corporate Advisory (Hong Kong) Limited (formerly known as "RSM Nelson Wheeler Corporate Advisory Limited") (the "Forensic Accountants") to provide forensic accounting services to the Company. The Forensic Accountants were engaged to investigate and to evaluate the Potential Irregularities raised by the Predecessor Auditors and to identify any person who may be responsible for the Potential Irregularities, if applicable (the "Forensic Investigation").

The current management of the Company has been making every effort to facilitate the Forensic Accountants in Forensic Investigation. However, (1) the Forensic Accountants were yet to commence their field work as the Company and the Forensic Accountants have encountered difficulties in procuring relevant parties including the previous management of the Group to cooperate in the field work of the Forensic Investigation; (2) two PRC law firms were engaged with the objectives to (i) effect the change of legal representatives and board of directors of Da Qing Dairy, Heilongjiang Chang Qing Dairy Products Co., Ltd. (黑龍江常慶乳業有限責任公司) and Wuchang Benniu Muye Co., Ltd (五常犇牛牧業有限責任公司) (collectively referred as to the "PRC Subsidiaries") through legal means; and (ii) obtain information requested by the Forensic Accountants; and (3) the contemplate change of respective legal representatives of the PRC Subsidiaries could not be effected and due to insufficient financial resources of the Company, the Forensic Investigation has been temporarily halted.

Subsequently, the New Controlling Shareholder appointed two individuals into the board of directors of its wholly-owned subsidiary, Global Milk Products Pte. Ltd, which is incorporated in the Republic of Singapore ("Global Milk"). However, the Directors could not locate complete books and records of the Company and Global Milk and the previous managements of the Company and Global Milk have continued ignoring the request for any information.

Given the circumstances that the books and records of the Company, Global Milk and the PRC Subsidiaries have been unable to locate and access and in the absence of the Group's previous management to explain and validate the true state of the affairs of the Company, it would be extremely difficult and time consuming to ascertain the true and correct financial position and performance of the Company. A reconstruction of the correct accounting records would also be almost impossible as it will be necessary to verify the information with external and independent sources and such sources may not be available or may be unreliable due to their connections with the Group's previous management or those responsible for the financial information which the Predecessor Auditors identified the Potential Irregularities within and outside of the Group.

On 14 May 2015, The Stock Exchange of Hong Kong Limited (the "Stock Exchange") issued a letter to the Company informing that the Company was placed in the first delisting stage pursuant to Practice Note 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

On 19 November 2015, the Stock Exchange issued a letter to the Company stating that the Company was placed in the second delisting stage. The Company should provide a viable resumption proposal at least 10 business days before 3 May 2016 (the expiry date of second delisting stage) to:

1) demonstrate sufficient operations of assets under rule 13.24 of the Listing Rules;

2) conduct forensic investigation on the issues raised by the Predecessor Auditors, disclose the findings of the investigation and take any remedial actions;

3) demonstrate that there is no reasonable regulatory concern about the character, level of due care and integrity the Company's management which will pose a risk to investors and damage market confidence;

4) publish all outstanding financial results and address any audit qualification;

5) demonstrate that the Company has put in place adequate financial reporting procedures and internal control systems to meet obligations under the Listing Rules; and

6) inform the market of material information for the shareholders and the investors to appraise the Group's operation.

On 4 May 2015, the New Controlling Shareholder entered into a sale and purchase agreement with Global Courage Limited ("Global Courage") pursuant to which the New Controlling Shareholder agreed to sell and Global Courage agreed to purchase the sale shares, representing approximately 60.39% of the entire share capital of the Company at a consideration of approximately HK$61,019,000, representing HK$0.1 per sale share. Upon completion of the sales and purchase agreement, Global Courage is required to make an unconditional mandatory general offer in cash for all the issued shares of the Company other than those already owned by Global Courage and parties acting in concert with it under the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"). Head & Shoulders Securities Limited will, on behalf of Global Courage, 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 Global Courage to the New Controlling Shareholder under the sale and purchase agreement.

It is expected that the potential investor will review the operations of the Group and explore any other business opportunities that may arise in the market, which does not limit to any particular industry, from time to time that it considers value enhancing to shareholders of the Company and/or otherwise in the best interests of the Group. The management of the Company will prepare a viable resumption proposal to be submitted to the Stock Exchange for application of resumption of trading of shares of the Company on the Stock Exchange.

FINANCIAL REVIEW

Due to the loss of control over the subsidiaries in Singapore and in the PRC, the financial statements of those subsidiaries have been de-consolidated from the consolidated financial information of the Group. The financial statements as at and for the year ended 31 December 2011 comprise the Company. There was no turnover for the year (Group's turnover for the year ended 31 December 2010: approximately RMB921,886,000). The loss for the year ended 31 December 2011 was approximately RMB1,606,997,000 (Group's profit for the year ended 31 December 2010: approximately RMB260,588,000). The loss for the year mainly attributed from the losses on deconsolidation of subsidiaries and incomplete books and records in respect of the bank balances and cash of approximately RMB1,583,093,000 (2010 Group: Nil) and RMB11,520,000 (2010 Group: Nil) respectively.

PROSPECTS

The Board is in the process of identifying suitable target for business cooperation and/or acquisition and preparing for the resumption proposal.

DIVIDEND

The Board resolved not to recommend the payment of any dividend for the year ended 31 December 2011 (2010 Group: Nil).

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 31 December 2011, the Company had total assets of approximately RMB3,000 (2010 Group's total assets: approximately RMB1,882,322,000). The main asset of the Company as at 31 December 2011 was bank balances and cash. During the year under review, the Company has yet to have any financial restructuring plan.

As at 31 December 2011, the Company's current liabilities amounted to approximately RMB5,225,000 (2010 Group's current liabilities: approximately RMB168,356,000).

The net liabilities value per share of the Company was approximately RMB0.005 as at 31 December 2011 (2010: net assets value per share of the Group approximately RMB1.57). The net assets/liabilities value per share was computed based on 1,010,500,000 ordinary shares in issue as at 31 December 2011 and 2010 respectively.

The gearing ratio as computed based on total interest bearing indebtedness over total assets. No gearing ratio was computed as the Company did not have interest bearing indebtedness as at 31 December 2011 (2010 Group: approximately 5.3%).

PLEDGE OF ASSETS

As at 31 December 2011, the Company had no charges on its assets (2010 Group: Nil).

CAPITAL STRUCTURE

The Company had no changes in capital structure during the year ended 31 December 2011.

SIGNIFICANT INVESTMENT AND ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

The Company did not enter any new significant investment and acquisitions and disposals of subsidiaries during the year ended 31 December 2011 (2010 Group: Nil).

EVENTS AFTER THE REPORTING PERIOD

Details of events after the reporting period of the Company are set out in note 15 to the financial statements.

FOREIGN CURRENCY RISK

The Company's functional currency is RMB. The foreign currency risk of the Company is the foreign currency deposited in the bank. As at 31 December 2011, the Company had bank balances of approximately RMB3,000 (2010 Group: approximately RMB2,483,000); Nil (2010 Group: approximately RMB550,000) and Nil (2010 Group: approximately RMB9,897,000) denominated in USD, SGD and HKD respectively.

NON-COMPLIANCE OF APPENDIX 16 "DISCLOSURE OF FINANCIAL INFORMATION" OF THE LISTING RULES

Given the circumstances that the Directors lose control of subsidiaries operated in Singapore and in the PRC and unable to locate and to get access to the complete books and records of the de-consolidated subsidiaries, no sufficient data available to compile the annual report for the year ended 31 December 2011 so as to comply with the Appendix 16 "Disclosure of Financial Information" of the Listing Rules. The following information has been omitted:

1. Connected transactions and continuing connected transactions with the connected person as defined in Chapter 14A of the Listing Rules;

2. Details of related party transactions;

3. Details of the number and remuneration of employees, remuneration policies, and the retirement benefits scheme;

4. Details of commitments and contingent liabilities; and

5. Information in respect of major customers and major suppliers.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the financial year.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established with written terms of reference which are in line with the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Listing Rules and the existing Audit Committee comprises two independent non-executive Directors.

The existing Audit Committee has reviewed the Company's financial statements for the year ended 31 December 2011.

CORPORATE GOVERNANCE

The Directors recognise the importance of incorporating the elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability to the shareholders as a whole. Thus, the Company adopted the principles and the code provisions of the CG Code contained in Appendix 14 of the Listing Rules.

The existing Board except Mr. Wang Delin (who tendered to resign as an executive Director as per the announcements of the Company dated 3 July 2015 and 14 July 2015) (the "Existing Board") has reviewed the Company's corporate governance practice for the financial year under review, and has formed the opinion that the Existing Board was unable to comment on the compliance of the CG Code for the year ended 31 December 2011 due to incomplete records of the Company from the previous Board. The Existing Board is of the view that apart from achieving the resumption of the Company, one of its main priorities in 2015/2016 is to improve the corporate governance of the Group.

Further information on the Company's corporate governance practices is set out in the Corporate Governance Report contained in the annual report.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the model code as set out in Appendix 10 of the Listing Rules (the "Model Code") as the required standard for securities transactions by Directors. The Existing Board was unable to make specific enquiry of all past Directors, whether they have complied with the required standard set in the Model Code and its code of conduct regarding directors' securities transactions for the year ended 31 December 2011 due to the fact that past Directors were uncontactable and incomplete records of the Company from the previous Board.

EXTRACT OF INDEPENDENT AUDITORS' REPORT ON THE COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

The Company's auditors have qualified the report on the Company's financial statements for the year ended 31 December 2011, an extract of which is as follows:

Basis for disclaimer of opinion

a) *Authenticity of accounting records and de-consolidation of all subsidiaries*

As disclosed in note 2.1, the predecessor auditors of the Company (the "Predecessor Auditors") identified certain potential irregularities in respect of certain accounting records and transactions recorded in the books of the Company's indirectly wholly-owned subsidiaries incorporated in the People's Republic of China (the "PRC") namely, Da Qing Dairy Ltd. (大慶乳品廠有限責任公司), Heilongjiang Chang Qing Dairy Products Co., Ltd. (黑龍江常慶乳業有限責任公司) and Wuchang Benniu Muye Co., Ltd (五常犇牛牧業有限責任公司) (collectively referred as to the "PRC Subsidiaries"). The Predecessor Auditors subsequently resigned on 21 March 2012. As disclosed in note 2.1, certain new directors were appointed following the change in controlling shareholder of the Company and it was announced on 6 November 2013 that a firm of forensic accounting specialists (the "Forensic Accountants") was appointed to investigate these potential irregularities (the "Forensic Investigation"). Both the Forensic Accountants and the directors of the Company have been unable to get access to the books and records of the PRC Subsidiaries. The directors of the Company have also been unable to locate complete books and records of the Company and Global Milk Products Pte. Ltd which is the Company's directly wholly-owned subsidiary incorporated in the Republic of Singapore ("Global Milk"). The directors of the Company have further confirmed to us that the previous management of the Company and its subsidiaries (the "Group") did not response to their request for any information. Furthermore, the Company resolved to put Global Milk into winding up in a shareholder's meeting held on 3 December 2015.

Given these circumstances, the directors of the Company have not consolidated the financial statements of Global Milk and the PRC Subsidiaries (collectively referred as to the "De-consolidated Subsidiaries") and no consolidated financial statements of the Company were prepared for the year ended 31 December 2011.

The resulting de-consolidation loss of approximately RMB1,583,093,000 has been recognised in the statements of profit or loss and other comprehensive income and the resulting movement of approximately RMB55,946,000 has been recorded in the statutory surplus reserve in the statement of changes in equity.

The directors of the Company have determined to exclude the De-consolidated Subsidiaries in presenting the financial position, results of operations and cash flows and did not prepare consolidated financial statements for the Group under the above mentioned circumstances. The exclusion of the financial position, results and cash flows of the De-consolidated Subsidiaries and no consolidated financial statements have been prepared for the Group is a departure from the requirements of IFRS 10 "Consolidated Financial Statements".

Due to the lack of complete books and records of the De-consolidated Subsidiaries, we have not been able to obtain sufficient appropriate audit evidence and explanation to assess the accounting treatment and the loss on de-consolidation of the De-consolidated Subsidiaries and the resulting movement recorded in the statutory surplus reserve. We are also unable to ascertain the impact of the potential irregularities with respect to the accounting records and transactions of the Group, if any, and the de-consolidation of the De-consolidated Subsidiaries on the financial statements. Any adjustment that would be required may have a consequential significant effect on the net liabilities of the Company as at 31 December 2011 and the loss attributable to equity holders of the Company for the year then ended.

b) Incomplete books and records

As disclosed in note 2.1, the directors of the Company are unable to locate the books and records of the Company and were unable to unreservedly confirm its financial position, results of operations and cash flow. We were therefore unable to carry out satisfactory audit procedures to obtain reasonable assurance regarding the completeness, accuracy, existence, valuation, ownership, classification and disclosures of the transactions undertaken by the Company. Accordingly, we were unable to ascertain whether the financial statements of the Company has been properly prepared in accordance with IFRSs.

c) Non-compliance with IFRSs and omission of disclosures

As disclosed in note 2.1, as the Company's financial statements have been prepared by the directors of the Company based on incomplete books and records and the board of directors of the Company believes it is almost impossible and not practicable to ascertain the correct amounts and balances in the financial statements. Consequently, the directors of the Company were unable to represent that the financial statements comply with IFRSs, or that the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited have been complied with. Given these circumstances, which are more fully described in note 2.1, there were no practicable audit procedures that we could perform to quantify the extent of adjustments that might be necessary in respect of the Company's financial statements.

d) Bank balances and cash

As disclosed in note 32 of the Group's consolidated financial statements for the year ended 31 December 2010 which were authorized to issue on 16 March 2011 (the "2010 Financial Statements"), a bank balances and cash amounted to approximately RMB11,523,000 was recorded on the statement of financial position of the Company at 31 December 2010. As further disclosed in note 2.1 and 11, except for bank balances of approximately RMB3,000, the directors of the Company and the Forensic Accountants were unable to locate relevant books and records of bank accounts and whereabouts of these bank balances and cash up to the date of the financial statements. Given these circumstances, the directors of the Company have recognised a loss of approximately RMB11,520,000 in respect of these bank balances as other suspense account in the statements of profit or loss and other comprehensive income. Due to lack of complete books and records of the Company, we have not been able to obtain sufficient appropriate audit evidence as to whether the bank balances and cash and the resulting loss recognised as other suspense account were properly recorded and accounted for and in compliance with the requirements of applicable IFRSs. There were no alternative audit procedures that we could perform to satisfy ourselves as to whether the bank balances and cash and the resulting loss recognised as other suspense account were free from material misstatement. Any adjustments that would be required may have a consequential significant effect on the Company's net liabilities at 31 December 2011 and consequently net loss and cash flows of the Company for the year ended 31 December 2011, and the related disclosures thereof in the financial statements.

e) Amount due to a subsidiary

As disclosed in note 32 of the 2010 Financial Statements and as disclosed in note 12, the Company recorded an amount due to a subsidiary of approximately RMB810,000. As further disclosed in note 2.1, the directors of the Company have been unable to locate complete books and records of the Company and Global Milk and have been unable to get access to the books and records of the PRC Subsidiaries. Due to the lack of complete books and records of the Company, Global Milk and the PRC Subsidiaries, we have not been able to obtain sufficient appropriate audit evidence to determine whether the amount due to a subsidiary was properly recorded and accounted for and in compliance with the requirements of applicable IFRSs. There were no alternative audit procedures that we could perform to satisfy ourselves as to whether the amount due to a subsidiary were free from material misstatements. Any adjustment that would be required may have a consequential significant effect on the net liabilities of the Company as at 31 December 2011 and loss attributable to the equity holders of the Company for the year then end.

f) Trade and other payables

As disclosed in note 32 of the 2010 Financial Statements and included in the trade and other payables in the statement of financial position of the Company as at 31 December 2011 were other payables of approximately RMB3,587,000. As further disclosed in note 2.1, the directors of the Company have been unable to locate complete books and records of the Company. Due to the lack of complete books and records of the Company, we have not been able to obtain sufficient appropriate audit evidence as to whether these other payables were properly recorded and accounted for and in compliance with the requirements of applicable IFRSs. There were no alternative audit procedures that we could perform to satisfy ourselves as to whether these trade and other payables were free from material misstatements. Any adjustments that would be required may have a consequential significant effect on the balances of the Company's trade and other payables, the Company's net liabilities as at 31 December 2011 and consequently net loss and cash flows of the Company for the year ended 31 December 2011, and the related disclosures thereof in the financial statements.

g) Impairment loss recognised in respect of the trade and other receivables

Included in the administrative expenses in the statement of profit or loss and other comprehensive income of the Company for the year ended 31 December 2011 of approximately RMB787,000 was the impairment loss recognised in respect of trade and other receivables of the Company. As disclosed in note 32 of the 2010 Financial Statements, trade and other receivables amounted to approximately RMB787,000 were recorded on the statement of financial position of the Company at 31 December 2010. As further disclosed in note 2.1, the directors of the Company have been unable to locate complete books and records of the Company. Given these circumstances, the directors of the Company have recognised an impairment loss in respect of these trade and other receivables for the year ended 31 December 2011. Due to lack of complete books and records of the Company, we have not been able to obtain sufficient appropriate audit evidence as to whether the trade and other receivables and the impairment loss recognised in respect of the trade and other receivables were properly recorded and accounted for and in compliance with the requirements of applicable IFRSs including International Accounting Standard ("IAS") 39: "Financial Instruments: Recognition and Measurement". There were no alternative audit procedures that we could perform to satisfy ourselves as to whether the trade and other receivables and the impairment loss recognised in respect of the trade and other receivables were free from material misstatement. Any adjustments that would be required may have a consequential significant effect on the Company's net liabilities at 31 December 2011 and consequently net loss and cash flows of the Company for the year ended 31 December 2011, and the related disclosures thereof in the financial statements.

h) Contingent liabilities and commitments

As disclosed in note 2.1, due to the lack of complete books and records of the Company and the De-consolidated Subsidiaries, we have not been able to obtain sufficient appropriate audit evidence and explanations as to whether the contingent liabilities and commitments committed by the Company were properly recorded and accounted for and in compliance with the requirements of applicable IFRSs including IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" and IAS 39 "Financial Instruments: Recognition and Measurement". There were no alternative audit procedures that we could perform to satisfy ourselves as to whether the contingent liabilities and commitments were free from material misstatements. Any adjustment that would be required may have a consequential significant effect on the net liabilities of the Company as at 31 December 2011 and the loss attributable to the equity holders for the year then ended and the related disclosures thereof in the financial statements.

i) Share-based payments

As disclosed in note 2.1, due to lack of complete books and records of the Company, we have not been able to obtain sufficient appropriate audit evidence as to whether the share-based payments expenses of approximately RMB10,769,000 and the movements and the balances of share option reserve were properly recorded and accounted for and in compliance with applicable IFRSs including IFRS 2 "Share-based Payment". There were no alternative audit procedures that we could perform to satisfy ourselves as to whether the share-based payment expenses and the balances of share option reserve were free from material misstatements. Any adjustment that would be required may have a consequential significant effect on the balance of the share option reserve, the Company's net liabilities as at 31 December 2011 and consequently net loss and cash flow of the Company for the year ended 31 December 2011, and the related disclosures thereof in the financial statements.

j) Events after the reporting period

Due to lack of complete books and records of the Company, we have not been able to obtain sufficient appropriate audit evidence as to whether the events after the reporting period were properly recorded and accounted for and in compliance with the requirements of applicable IFRSs including IAS 10 "Events after the Reporting Period". There were no practical alternative procedures that we could perform over the significant transactions which occurred during the period from 1 January 2012 to the date of this auditors' report. Any adjustment that would be required may have a consequential significant effect on the Company's net liabilities as at 31 December 2011 and consequently net loss and cash flows of the Company for the year ended 31 December 2011, and the related disclosures thereof in the financial statements.

k) *Related party transactions*

Due to lack of complete books and records of the Company, we have not been able to obtain sufficient appropriate audit evidence as to whether the related party transactions disclosures were properly recorded and accounted for and in compliance with the requirements of applicable IFRSs including IAS 24 "Related Party Disclosures". There were no practical alternative procedures that we could perform over the related party transactions which occurred during the year ended 31 December 2011. Any adjustments that would be required may have a consequential significant effect on the Company's net liabilities as at 31 December 2011 and consequently net loss and cash flows of the Company for the year ended 31 December 2011, and the related disclosures thereof in the financial statements.

l) *Opening balances and the comparative information*

Due to lack of complete books and records of the Company, we have not been able to obtain sufficient appropriate audit evidence as to whether the opening balances as at 1 January 2011 and the comparative figures for the year ended 31 December 2010 were properly recorded and accounted for and in compliance with the requirements of applicable IFRSs including IAS 1 "Presentation of Financial Statements". There were no alternative audit procedures that we could perform to satisfy ourselves as to whether the opening balances and the comparative figures were free from material misstatement. Any adjustments that would be required may have a consequential significant effect on the Group and the Company's assets and liabilities as at 31 December 2010 and 2011 and its results for the years ended 31 December 2010 and 2011, and the presentation and disclosure thereof in the financial statements.

m) *Going concern basis of accounting*

As explained in note 2.1, in making their assessment of the Company's ability to continue as a going concern, the directors of the Company have considered (i) the Company incurred a loss attributable to the owners of the Company of approximately RMB1,606,997,000 for the year ended 31 December 2011 and as of that date, the Company's total liabilities exceeded its total assets by approximately RMB5,222,000; (ii) following de-consolidation of the De-consolidated Subsidiaries, the Company become an investment holding company without conducting other business; (iii) the Company has been placed in the second delisting stage as of the date of approval of the financial statements; and (iv) as disclosed in note 2.1, the directors are unable to represent that all present and contingent liabilities of the Company have been completely identified. Given these circumstances, which are more fully described in note 2.1, there were no practicable audit procedures that we could perform to form an opinion on whether management has considered all relevant events and conditions when making assessment on the Company's ability to continue as a going concern.

Disclaimer of opinion

Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements as to whether they give a true and fair view of the state of affairs of the Company as at 31 December 2011, and of the

Company's loss and cash flow for the year then ended in accordance with IFRSs and as to whether the financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Report on matters under section 80(1) of schedule 11 to the Hong Kong Companies Ordinance with reference to sections 141(4) and 141(6) of the predecessor Hong Kong Companies Ordinance (Cap.32)

In respect alone of the inability to obtain sufficient appropriate audit evidence regarding the items stated under basis for disclaimer of opinion for the year ended 31 December 2011,

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and

- we were unable to determine whether proper books of account had been kept for the year ended 31 December 2011.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Stock Exchange's website (www.hkex.com.hk) and the Company's website (http://www.cre8ir.com/daqingdairy/). The annual report will be despatched to the shareholders and will be available on websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 21 January 2016

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