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 2015

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 2015, 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 2015

	Notes	**2015** **HK$'000**	2014 HK$'000 (Restated)
Revenue	3	**—**	—
Cost of sales		**—**	—
Gross profit		**—**	—
Administration expenses		**(3,411)**	(3,414)
Loss before taxation	4	**(3,411)**	(3,414)
Income tax expenses	5	**—**	—
LOSS FOR THE YEAR		**(3,411)**	(3,414)
Total comprehensive loss for the year		**(3,411)**	(3,414)
Loss for the year attributable to the owners of the Company		**(3,411)**	(3,414)
Total comprehensive loss for the year attributable to owners of the Company		**(3,411)**	(3,414)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	6		
Basic and diluted		**HK$(0.003)**	HK$(0.003)

STATEMENT OF FINANCIAL POSITION
For the year ended 31 December 2015

	Notes	**As at 31 December 2015 *HK$'000***	As at 31 December 2014 *HK$'000* (Restated)	As at 1 January 2014 HK$'000 (Restated)
Non-current assets				
Property, plant and equipment		**—**	542	632
Prepaid lease payments		**—**	—	—
Intangible assets		**—**	—	—
Deferred tax assets		**—**	—	—
		—	542	632
Current assets				
Inventories		**—**	—	—
Prepayments and deposits paid	*8*	**250**	631	591
Prepaid lease payments		**—**	—	—
Bank balances and cash	*9*	**79**	73	65
		329	704	656
Current liabilities				
Accrued expenses and other payables	*10*	**29,702**	27,208	23,836
		29,702	27,208	23,836
Net current liabilities		**(29,373)**	(26,504)	(23,180)
Total assets less current liabilities		**(29,373)**	(25,962)	(22,548)
Capital and reserves				
Share capital		**10**	10	10
Reserves		**(29,383)**	(25,972)	(22,558)
		(29,373)	(25,962)	(22,548)
Non-current liabilities				
Deferred tax liabilities		**—**	—	—
Borrowings		**—**	—	—
		—	—	—
		(29,373)	(25,962)	(22,548)

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

Daqing Dairy Holdings Limited (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 current board of directors has revisited the business plan and strategy of the Company. Since the Company is operating in Hong Kong and their business transactions in terms of operating, investing and financing activities are mainly denominated in Hong Kong Dollar ("HK$"), the directors decided to change the presentation currency of the Company from Renminbi ("RMB") to HK$ that for a more appropriate presentation. The change in presentation currency of the Company has been applied retrospectively. All assets and liabilities are translated into the new presentation currency at the beginning of the comparative period (i.e. 1st January 2014) using the opening exchange rate and retranslated at the respective closing rates at the end of each reporting periods. Statements of profit or loss and other comprehensive income are translated at an average rate in each financial year presented. The financial statements of the Company are presented in HK$.

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 2015 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 announcement dated 18 April 2013, on 8 February 2013, Mr. Zhao Yu, 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 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 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., Limited (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, 2012 and 2013, it would be extremely difficult and time consuming to ascertain the true and correct financial position and profit or loss of 31 December 2011, 2012 and 2013 for the Company or to obtain sufficient documentary information to satisfy themselves regarding the treatment of the transactions during the years and various balances of the Company, Global Milk and the PRC Subsidiaries as at 31 December 2011, 2012 and 2013. 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 years ended 31 December 2011, 2012 and 2013 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 since the years ended 31 December 2011. Also, due to substantial portion of the books and records of the Group for the previous years 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 or financial statements of the Company for the previous years. Accordingly, the comparative financial information disclosed in the financial statements only represents such information as reported in the financial statements of the Company for the year ended 31 December 2014 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 since 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 RMB55,946,000 has been recorded in the statutory surplus reserve in the statement of change in equity for the year ended 31 December 2011.

In the opinion of the directors of the Company, the financial statements as at and for the year ended 31 December 2015 prepared on the aforementioned basis is the most appropriate way of presenting the results and state of affairs of the Company as the directors of the Company were unable to obtain sufficient documentary information to satisfy themselves regarding the transactions and balances related to the Deconsolidated 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 for the year ended 31 December 2014:

— 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 2014 and 2015 and net liabilities of the Company as at 31 December 2014 and 2015.

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 2015 and have formed the opinion as follows:

As the financial statements for the year ended 31 December 2015 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 2015 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 in note 5, loss before taxation in note 6, directors' and employees' emoluments in note 7, income tax expenses in note 8, dividends in note 9, loss per share in note 10, property, plant and equipment in note 11, prepaid lease payments in note 12, intangible assets in note 13, deferred tax assets/(liabilities) in note 14, inventories in note 15, prepayments and deposits paid in note 16, bank balances and cash in note 17, accrued expenses and other payables in note 18, borrowings in note 19, share-based payments in note 21, retirement benefit plans in note 24, related party transactions in note 25, commitments in note 26 and contingent liabilities in note 27.

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 2015. Since the investigations may be ongoing, 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 2015 and net liabilities of the Company as at 31 December 2015.

During the year ended 31 December 2015, the Company incurred loss of approximately HK$3,411,000. 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 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 ("IFRSs")

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:

IAS 19 Amendments	Amendments to IAS 19 Employee Benefits — Defined Benefit Plan: Employee Contributions
Annual Improvements 2010–2012 Cycle	Amendments to a number of IFRSs issued
Annual Improvements 2011–2013 Cycle	Amendments to a number of IFRSs issued

The application of the amendments to IFRSs in the current year has had no material impact on the Company's financial performance and positions for the current and prior years and/or on the disclosures set out in these financial statements.

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 9 (2014)	Financial Instruments[3]
Amendments to IFRS 10 and IAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
IFRS 14	Regulatory Deferral Accounts[4]
IFRS 15	Revenue from Contracts with Customers[2]
IFRS 16	Lease[5]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[1]
Amendments to IAS 27 (2011)	Equity Method in Separate Financial Statements1
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to IAS 1	Disclosure Initiative[1]
Annual Improvements 2012–2014 Cycle	Amendments to a number of IFRSs[1]

1 Effective for annual periods beginning on or after 1 January 2016
2 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
3 Effective for annual periods beginning on or after 1 January 2018
4 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
5 Effective for annual periods on or after 1 January 2019

The directors of the Company do not anticipate that the application of the new and revised IFRSs will have a material impact on the Company's financial statements.

2.3 APPLICATION OF NEW COMPANIES ORDINANCE (CAP. 622)

The requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are change to presentation and disclosures of certain information in the financial statements.

In addition, the Company also adopted the amendments to the Listing Rules relating to the disclosure of financial information with reference to the new Hong Kong Companies Ordinance (Cap. 622). The main impact relates to the presentation and disclosure of certain information in the financial statements.

3. REVENUE AND SEGMENT INFORMATION

No revenue and segment information were presented as the Company did not conduct business during the year.

4. LOSS BEFORE TAXATION

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

	Note	**2015** ***HK$'000***	2014 *HK$'000* (Restated)
Loss before taxation has been arrived at after charging:			
Staff costs (including directors' emoluments):			
— Salaries and wages		**—**	—
— Retirement benefit scheme contributions		**—**	—
		—	—
Depreciation of property, plant and equipment		**47**	139
Auditors' remuneration		**400**	400
Loss on disposal of property, plant and equipment		**495**	—
Operating lease rental expenses		**268**	804

5. INCOME TAX EXPENSES

Hong Kong Profits Tax rate was 16.5% (2014: 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 income tax expenses can be reconciled to the loss before taxation per the statement of comprehensive income as follows:

	2015 ***HK$'000***	2014 *HK$'000* (Restated)
Loss before taxation	**(3,411)**	(3,414)
Tax at the Hong Kong tax rates	**(563)**	(564)
Effect of unrecognised deductible losses and deductible temporary differences	**563**	564
	—	—

6. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	2015	2014
	HK$'000	*HK$'000*
		(Restated)
Loss		
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	**(3,411)**	(3,414)

	2015	2014
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,010,500,000**	1,010,500,000

Diluted loss per share were same as the basic loss per share as there were no potential dilutive ordinary shares in both years.

7. DIVIDEND

No dividend has been paid or proposed by the Company during the year ended 31 December 2015 (2014: (Restated) HK$ Nil).

8. PREPAYMENTS AND DEPOSITS PAID

	As at 31 December 2015	As at 31 December 2014	As at 1 January 2014
	HK$'000	*HK$'000*	*HK$'000*
		(Restated)	(Restated)
Prepayments	**250**	387	348
Deposits paid	**—**	244	243
	250	631	591

As disclosed in note 2.1 to the financial statements, the directors of the Company have been unable to locate the complete books and records of the Company for 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 previous years. No presentation is therefore made by the directors of the Company as to the completeness, existence and accuracy of the prepayment and deposits paid of the Company, and perform a detailed analysis of the Company's prepayment and deposits paid aging, credit policy and impairment assessment for the previous years as of the date of approval of the financial statements.

9. BANK BALANCES AND CASH

As disclosed in note 31 of the Group's consolidated financial statements for the year ended 31 December 2010 (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. Except for bank balances of approximately RMB3,000, the directors of the Company have been unable to locate the 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 bank 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 has indicated the existence of any bank accounts of the Company up to the date of these financial statements. Given these circumstances, the directors of the Company recognised a loss of approximately RMB11,520,000 as other suspense accounts in the statements of profit or loss and other comprehensive income for the year ended 31 December 2011.

As disclosed in note 2.1 to the financial statements, the directors of the Company have been unable to locate and to get access to books and records of the Company, including books and records of certain bank transactions of the Company took place for the previous years. Given incomplete books and records of the Company and the Company's previous management did not response to the request for information, it would be impossible and impracticable to ascertain these bank transactions which took place for the previous years and to obtain sufficient documentary information to satisfy themselves regarding the nature, completeness, existence and accuracy of the bank transactions. Given these circumstances, the directors of the Company have recognised (i) losses of approximately HK$10,543,000 and HK$2,538,000 in respect of the aggregate amounts of the credit balances of bank transactions took place during the years ended 31 December 2012 and 2013 respectively as other suspense accounts in the statements of profit or loss and other comprehensive income for the year ended 31 December 2012 and 2013 respectively; and (ii) liabilities of approximately HK$13,142,000 in respect of the aggregate amounts of the debit balances of bank transactions took place during the year ended 31 December 2012 and 2013 as other payables in the statements of financial position as at 31 December 2013, 2014 and 2015.

No representation is therefore made by the directors of the Company as to the completeness, existence and accuracy of the bank balances and cash transactions for the previous years as of the date of approval of the financial statements.

10. ACCRUED EXPENSES AND OTHER PAYABLES

	As at 31 December 2015	As at 31 December 2014	As at 1 January 2014
	HK$'000	*HK$'000*	*HK$'000*
		(Restated)	(Restated)
Accrued expenses	**5,728**	4,116	3,216
Amount due to a deconsolidated subsidiary	**1,028**	1,028	1,028
Amount due to related parties	**5,252**	4,370	1,898
Other payables	**17,694**	17,694	17,694
	29,702	27,208	23,836

As disclosed in notes 2.1 and 17 to the financial statements, 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. In addition, the directors of the Company have been unable to locate books and records of certain bank transactions took place for 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 would be impossible and impracticable to ascertain these bank transactions took place for the years ended 2011, 2012 and 2013. It would also be extremely difficult and time consuming to obtain sufficient documentary information to satisfy themselves regarding the nature, completeness, existence and accuracy of these bank transactions. Given these circumstances, the directors of the Company have recognised (i) liabilities of approximately HK$13,142,000 in respect of the aggregate amounts of the debit balances of bank transactions took place for the years ended 31 December 2012 and 2013; and (ii) liabilities of approximately HK$4,552,000 in respect of the directors of the Company have been unable to locate relevant books and records in the statements of financial position as other payables as at 31 December 2013, 2014 and 2015.

As further disclosed in note 2.1 to the financial statements, 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 of the amount due to a deconsolidated subsidiary and other payables for the previous years. No representation is therefore made by the directors of the Company as to the completeness, existence and accuracy of accrued expenses and other payables for the previous years as of the date of approval of the financial statements.

Amounts due to related parties were interest-free and repayable on demand.

11. COMMITMENTS

As disclosed in note 2.1 to the financial statements, 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 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 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 for the current and the previous years and 2015 as of the date of approval of the financial statements.

12. CONTINGENT LIABILITIES

As disclosed in note 2.1 to the financial statements, 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 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 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 for the current and the previous years and 2015 as of the date of approval of the financial statements.

13. 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:

Year 2016

(a) The 29 January 2016 announcement

On 29 January 2016, (i) the Company despatched a composite offer and response document relating to unconditional mandatory cash offer by Head & Shoulders Securities Limited on behalf of Global Courage for all the issued shares in the Company (other than those shares already owned by Global Courage and parties acting in concert with it) and (ii) the Company appointed the following parties into the Board, including:

(i) Dr. Choi Chiu Fai Stanley and Mr. Choi Ka Wai were appointed as executive directors of the Company; and

(ii) Mr. Ha Kee Choy Eugene, Mr. Szeto Tat Kwan Brandon and Mr. Fok Wai Ming Eddie were appointed as independent non-executive directors of the Company.

(b) The 19 February 2016 announcement

(i) The unconditional mandatory cash offer (the "Offer") was closed at 4:00 p.m. on 19 February 2016;

(ii) The offeror received valid acceptances in respect of 31,483,007 shares under the offer, representing 3.12% of the entire issued shares of the Company as at 19 February 2016;

(iii) Following completion of the offer, the Company was in compliance with the minimum public float requirement;

(iv) The following parties were resigned from the Board with effect from 19 February 2016:

— Mr. Ng resigned as executive director of the Company;

— Ms. Kou resigned as the Chairman and non-executive director of the Company;

— Mr. Sze and Mr. Qiu resigned as independent non-executive directors of the Company; and

— Mr. Wong resigned as chief executive officer and executive director of the Company.

(v) Dr. Choi Chiu Fai Stanley was appointed as the chairman of the Board with effect from 19 February 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

At the request of the Company, trading in the shares of the Company (the "Shares") has been suspended since 22 March 2012 due to the resignation of Deloitte Touche Tohmatsu, the predecessor auditor of the Company (the "Predecessor Auditor").

On 21 March 2012, the Board and audit committee of the Company received a letter from the Predecessor Auditor advising their resignation as auditor of the Company. As set out in the resignation letter dated 21 March 2012 from the Predecessor Auditor advising his 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 Auditor 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 Auditor 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 "Previous 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 Previous Controlling Shareholder received valid acceptances in respect of a total 83,153,622 Shares 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 Previous Controlling Shareholder held 60.39% equity interest in the Company.

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

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

However, the Forensic Accountant was yet to commence field work as the Company and the Forensic Accountant encountered difficulties in procuring the relevant parties including the previous management to cooperate in the field work of the Forensic Investigation. 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 Accountant. Despite that the Board proceeded with the legal remedies to effect the change in the legal representatives of the PRC subsidiaries, the Board was not optimistic that it could be done in a short period of time. Due to insufficient financial resources of the Company, the investigation by the Forensic Accountant was temporarily halted.

Subsequently, the Previous 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 Auditor 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 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) 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 Auditor, 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 qualifications;

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 position.

On 4 May 2015, the Previous Controlling Shareholder entered into a sale and purchase agreement with Global Courage Limited ("Global Courage") pursuant to which the Previous Controlling Shareholder agreed to sell and Global Courage agreed to purchase 610,193,622 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. As disclosed in the joint announcement of the Company and Global Courage dated 19 February 2016, Global Courage received valid acceptances in respect of a total of 31,483,007 Shares under the unconditional cash offer, representing approximately 3.11% of the entire issued share capital of the Company. Immediately following the close of the unconditional cash offer, Global Courage and parties acting in concert with it were interested in 641,676,629 Shares, representing approximately 63.50% of the entire issued share capital of the Company.

On 21 January 2016 and 25 January 2016, the Company published all outstanding financial results and reports after the appointment of new auditor, HLB Hodgon Impey Cheng Limited, which has been appointed with effect from 3 July 2015 to fill the causal vacancy left by the resignation of the Predecessor Auditor.

On 29 January 2016, Dr. Choi Chiu Fai Stanley and Mr. Choi Ka Wai were appointed as executive Directors, Mr. Ha Kee Choy Eugene, Mr. Szeto Tat Kwan Brandon and Mr. Fok Wai Ming Eddie were appointed as independent non-executive Directors.

On 19 February 2016, the previous Board members, namely Mr. Ng Kwong Chue Paul, Mr. Wang Delin, Ms. Kou Mei In, Mr. Sze Lin Tang and Mr. Qiu Xiaohua resigned as Directors and from all other offices at the Company.

The Board will review the operations of the Company 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 Company. 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 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. There was no turnover for the year under review (2014: Nil). The loss for the year ended 31 December 2015 was approximately HK$3,411,000 (2014: approximately HK$3,414,000). The loss for the year mainly attributed from loss on disposal of equipment and legal expenses.

PROSPECTS

The Board is in the process of identifying suitable target for business cooperation and/or acquisition 45(3)(c)
and preparing for the resumption proposal.

DIVIDEND

The Board resolved not to recommend the payment of any dividend for the year ended 31 December 2015 (2014: Nil).

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 31 December 2015, the Company had total assets of approximately HK$329,000 (2014: approximately HK$1,246,000). The main asset of the Company as at 31 December 2015 was prepayments. During the year under review, the Company has yet to have any financial restructuring plan.

As at 31 December 2015, the Company's current liabilities amounted to approximately HK$29,702,000 (2014: approximately HK$27,208,000).

The net liabilities value per share of the Company was approximately HK$0.03 as at 31 December 2015 (2014: approximately HK$0.03). The net liabilities value per share was computed based on 1,010,500,000 Shares in issue as at 31 December 2015 and 2014 respectively.

No gearing ratio, being total interest bearing indebtedness over total assets, was computed as the Company did not have interest bearing indebtedness as at 31 December 2015 and 2014 respectively.

PLEDGE OF ASSETS

As at 31 December 2015, the Company had no charges on its assets (2014: Nil).

CAPITAL STRUCTURE

The Company had no changes in capital structure during the year ended 31 December 2015.

SIGNIFICANT INVESTMENT AND ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

The Company did not enter any significant investment and acquisitions and disposals of subsidiaries during the year ended 31 December 2015.

EVENTS AFTER THE REPORTING PERIOD

Details of events after the reporting period of the Company are set out in note 13 to the financial statements.

FOREIGN CURRENCY RISK

The foreign currency risk of the Company is the foreign currency deposited in banks. As at 31 December 2015, the Company had bank balances of approximately HK$44,000 (2014: approximately HK$46,000) denominated in United States dollars.

EMPLOYEES AND REMUNERATION POLICIES

The number of employees of the Company as at 31 December 2015 was five. The Group remunerates its employees mainly based on industry practice, individual's performance and qualification. Other benefits include bonuses awarded on a discretionary basis and mandatory provident fund schemes.

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

Given the circumstances that the Directors lose control of subsidiaries 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 so as to comply with the Appendix 16 "Disclosure of Financial Information" of the Listing Rules. The following information has been omitted:

1. Details of commitments and contingent liabilities; and

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

Save as disclosed above and elsewhere in the annual report, there was no other material breach of or non-compliance with applicable laws and regulations by the Company that has a significant impact on the business and operations of the Company.

PURCHASE, REDEMPTION OR SALE 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 as set out in Appendix 14 to the Listing Rules and the existing Audit Committee comprises three independent non-executive Directors.

The existing Audit Committee has reviewed the Company's financial statements for the year ended 31 December 2015.

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 Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Listing Rules.

During the year under review, the Company has complied with the CG Code except for the deviation from the code provisions which are explained below.

Code Provision A.1.8

No insurance cover has been arranged because of the suspension in trading of the Company's shares. Directors' insurance will be arranged for each Director once such can be arranged or immediately upon the resumption of trading of the Company's shares.

Code Provision A.4.2

Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Mr. Wang Delin was appointed as the executive Director on 18 August 2011. As the Company has not held any annual general meeting after 16 June 2011, Mr. Wang Delin has not retired by rotation at least once every three years. Mr. Wang Delin has resigned as an executive Director with effect from 19 February 2016.

Code Provision A.5.6

The nomination committee (or the board) should have a policy concerning diversity of board members, and should disclose the policy or a summary of the policy in the corporate governance report. However, no board diversity policy was established in the Company. The Company has adopted a new board diversity policy and measurable objectives with effect from 31 March 2016.

Code Provision C.1.2

Management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the issuer's performance, position and prospects. The Company has not yet provided monthly updates on the financial information of the Group's performance position and prospects due to the loss of control over the subsidiaries in Singapore and in the PRC, and thus the financial statements of those subsidiaries have been de-consolidated from the consolidated financial information of the Group.

Code Provision C.2.1

The Company has not conducted a review of the effectiveness of the Company's and its subsidiaries' internal control systems due to the loss of control over the subsidiaries in Singapore and in the PRC, and thus the financial statements of those subsidiaries have been de-consolidated from the consolidated financial statements of the Group.

The existing Board is of the view that apart from achieving the resumption of the Company, one of its main priorities in 2016 is to improve the corporate governance of the Group.

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 Company has made specific enquiries of all Directors holding office during the year under review. All the Directors, except Mr. Wang Delin, Ms. Kou Mei In and Mr. Qiu Xiaohua, have confirmed that they complied with the required standards set out in the Model Code and its code of conduct regarding directors' securities transactions throughout the year ended 31 December 2015. The Company is unable to obtain the relevant confirmations from the former Directors, Mr. Wang Delin, Ms. Kou Mei In and Mr. Qiu Xiaohua, due to their resignation, and therefore is unable to fully ascertain whether they has complied with the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions throughout the year ended 31 December 2015.

EXTRACT OF INDEPENDENT AUDITORS' REPORT ON THE COMPANY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

The Company's auditors have qualified the report on the Company's financial statements for the year ended 31 December 2015, an extract of which is as follows:

Basis for disclaimer of opinion

a) *Opening balances and the comparative information*

The opening balances and the comparative figures disclosed in the financial statements are based on the audited financial statements of the Company for the years ended 31 December 2013 and 2014 of which our auditors' report dated 21 January 2016 expressed a disclaimer opinion. The matters which resulted in that disclaimer opinion included (a) departure from IFRS 10 "Consolidated Financial Statements"; (b) amount due to a deconsolidated subsidiary; (c) accrued expenses and other payables; (d) contingent liabilities and commitments; and (e) going concern basis of accounting. Due to lack of complete books and records of the Company, we have been unable to obtain sufficient appropriate audit evidence as to whether the opening balances as at 1 January 2015 and the comparative figures for the years ended 31 December 2013 and 2014 were properly recorded and accounted for and in compliance with the requirements of applicable IFRSs including International Accounting Standard ("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 to the opening balances as at 1 January 2015 that would be required may have a consequential significant effect on the Company's assets and liabilities as at 1 January 2015 and 31 December 2015 and its results for the years ended 31 December 2014 and 2015, and the presentation and disclosure thereof in the financial statements.

b) *Departure from International Financial Reporting Standard 10 "Consolidated Financial Statements"*

As disclosed in note 2.1 to the financial statements, 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 to the financial statements of the Company, certain new directors were appointed following the change in controlling shareholder 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 the 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 of the Group. 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 to as the "Deconsolidated Subsidiaries") and no consolidated financial statements of the Company were prepared for the years ended 31 December 2014 and 2015.

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 Deconsolidated 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 Deconsolidated Subsidiaries, we have been unable to obtain sufficient appropriate audit evidence and explanation to assess the accounting treatment on de-consolidation of the Deconsolidated Subsidiaries and the resulting movement 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 of the Company. Any adjustment that would be required may have a consequential significant effect on the net liabilities of the Company as at 31 December 2015 and the loss attributable to owners of the Company for the year then ended.

c) Bank balances and cash

Included in the "bank balances and cash" in the statement of financial position of the Company as at 31 December 2015 with carrying amount of approximately HK$79,000 (the "Bank Balances and Cash"). We were unable to obtain sufficient appropriate audit evidence regarding the Bank Balances and Cash because: (i) we were unable to carry out any effective confirmation procedures in relation to the Bank Balances and Cash for the purpose of our audit; and (ii) there were no alternative audit procedures that we could perform to satisfy ourselves as to whether the Bank Balances and Cash were free from material misstatement. Any adjustments that might have been found necessary may have an effect on the Company's net liabilities at 31 December 2015 and consequently net loss and cash flows of the Company for the year ended 31 December 2015, and the related disclosures thereof in the financial statements.

d) Amount due to a deconsolidated subsidiary

As disclosed in note 18 to these financial statements, the Company recorded an amount due to a deconsolidated subsidiary of approximately HK$1,028,000. As further disclosed in note 2.1 to the financial statements, the directors of the Company have been unable to locate the 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 been unable to obtain sufficient appropriate audit evidence to determine whether the amount due to a deconsolidated 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 deconsolidated 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 2015 and loss attributable to the owners of the Company for the year then end.

e) Accrued expenses and other payables

As disclosed in notes 2.1 and 18 to the financial statements, included in the accrued expenses and other payables in the statement of financial position of the Company as at 31 December 2015 were other payables of approximately HK$17,694,000 among which (i) HK$13,142,000 were liabilities recognised in respect of the aggregate amounts of the debit balances of bank transactions as the directors of the Company were unable to locate complete books and records of bank accounts and whereabouts of these bank balances and cash as of the date of approval of the financial statements; and (ii) HK$4,552,000 were other payables that the directors of the Company have been unable to locate the relevant books and records. Due to the lack of complete books and records of the Company, we have been unable to obtain sufficient appropriate audit evidence as to whether the accrued expenses and 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 the accrued expenses 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 accrued expenses and other payables, the Company's net liabilities as at 31 December 2015 and consequently net loss and cash flows of the Company for the year ended 31 December 2015, and the related disclosures thereof in the financial statements.

f) Contingent liabilities and commitments

As disclosed in note 2.1 to the financial statements, due to the lack of complete books and records of the Company and the De-consolidated Subsidiaries, we have been unable 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 2015 and the loss attributable to the owners for the year then ended and the related disclosures thereof in the financial statements.

g) Going concern basis of accounting

As explained in note 2.1 to the financial statements, 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 HK$3,411,000 for the year ended 31 December 2015 and as of that date, the Company's total liabilities exceeded its total assets by approximately HK$29,373,000; (ii) following de-consolidation of the Deconsolidated 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 the financial statements; and (iv) as disclosed in note 2.1, the director of the Company are unable to represent that all present and contingent liabilities or assets 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 2015, and of the Company's financial performance and cash flows for the year then ended in accordance with IFRSs and as to whether the financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Report on Matters Under the Hong Kong Companies Ordinance (Cap. 622)

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 2015,

- 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 2015.

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
Choi Chiu Fai Stanley
Chairman

Hong Kong, 31 March 2016

As at the date of this announcement, the Board comprises two executive Directors, namely Dr. Choi Chiu Fai Stanley and Mr. Choi Ka Wai; and three independent non-executive Directors, namely Mr. Ha Kee Choy Eugene, Mr. Szeto Tat Kwan Brandon and Mr. Fok Wai Ming Eddie.