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NATURAL DAIRY (NZ) HOLDINGS LIMITED

天然乳品(新西蘭)控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 00462)

CLARIFICATION ANNOUNCEMENT

The board of directors (“**Board**”) of Natural Dairy (NZ) Holdings Limited (the “**Company**”) wishes to clarify those ICAC charges against Ms. May HAO (WANG) and Mr. CHEN Keen of which appeared on *various Hong Kong and New Zealand newspapers* (the “**Articles**”), pursuant to Rule 13.09 of the Listing Rules. And reference is made to (i) the final results announcement (“**Results Announcement**”) dated 31 August 2012 and (ii) the annual report (“**Annual Report**”) of Natural Dairy (NZ) Holdings Limited (“**Company**”) for the year ended 31 May 2012.

ICAC CASE

The board of Natural Dairy (NZ) Holdings Limited wishes to clarify those Articles reporting about Hong Kong, Independent Commission Against Corruption (“ICAC”) that have laid charges against Ms. May HAO (WANG), ex-representative of UBNZ Trustee Limited and Mr. CHEN Keen, former Company’s joint chairman and executive director in the year 2009.

The Company Board of directors hereby wishes to clarify that those ICAC charges, to the knowledge of the directors, has not affected existing VSA-1 acquisition progress and the performance.

According to the Company records Mr. Chen Keen was executive director during the period from 7 May 2009 to 14 September 2009. He resigned from Executive Director, Joint Chairman, and all his positions with the Company effective from 15 September 2009, as announced on 14 September 2009. Further on 18 December 2009, the Company previous Board have signed and announced to the Stock Exchange on “Alleged control of the Acquisition by Mr. Chen Keen” that “*The Board confirms that Mr. Jack Keen Chen (“Mr. Chen”) has not been in control of the Acquisition since his resignation as an executive director of the Company*”.

Therefore, the Company views the alleged charges against Mr. Chen Keen as his personal matters, and does not and will not have any direct or indirect consequences on the Company or its business operations, particularly with respect to the VSA-1 acquisition.

With respect to Ms. May Hao who was the registered shareholder and sole director of UTCL (the former trustee of UBNZ Trust) and UBFM, as per the Company's announcement of 2 February 2011, page 3, addressing further development on VSA-1 acquisition, which revealed that the trustee of the UBNZ Trust has changed from UTCL to NZ Dairy Trustee Limited (the "**new trustee**") effective from 23 December 2010. According to the record of New Zealand Company Office registry up today, the new trustee company has two directors, one is a Hong Kong resident and the other is a Chinese resident, both have no relationship with Ms. May Hao or Mr. Chen Keen. The new trustee's shareholders are citizens and permanent residents of New Zealand. A written confirmation from UBNZ Trust solicitor has confirmed that new trustee; NZ Dairy Trustee Limited will continue to perform the obligations of UTCL under the VSA-1 transaction, replacing UTCL entirely effective from 23 December 2010. Simultaneously on same date, the remaining 80% shareholding of UBNZ Assets Holdings Limited (the "**Target Company**") has changed and vested in the new trustee.

Similarly according to the record of New Zealand Company office registry, the warrantor UBFM's directorship has changed to be held by the directors of the new trustee and the shareholdings have changed to be vested in the new trustee. Therefore, the obligations of UBFM could still be performed without Ms. May Hao.

As shown above with appropriate arrangement in place, the VSA-1 acquisition progress could continue on its proper course of actions and will not be distorted by either or both of Mr Chen Keen and Ms May HAO, nor by the alleged charges against them. Since Ms. Hao never has control or influence over the Company except that she was only acting as VSA-1 vendor prior to 23 December 2010, the Company could continue to liaise and execute necessary documents with the new trustee towards the VSA-1 completion.

Hence, from the Company view the ICAC charges against Mr. Chen Keen and Ms May Hao, are their personal affairs and not related to the Company.

FINAL RESULTS AND ANNUAL REPORTS

The board of directors of the Company wishes to clarify and confirm that (1) the paragraph "*An independent third party agrees to continue its financial support to the Company. In addition, the Company can issue 109,000,000 HK\$1 convertible note C in the coming year as fund raising purpose for operational use.*" under the paragraph headed "Financial support by an independent third party" on page 4 of the Results Announcement and page 41 of the Annual Report should be amended as "*An independent third party agrees to continue its financial support to the Company.*"; and (2) the auditor of the Company had not taken into consideration of the issuance of convertible note C in forming the going concern basis in the audit of Company's financial statements.

Reference is also made to the third paragraph on page 2 of the announcement of the Company dated 10 June 2011 regarding the placing of convertible note C (“CN-C”), in which it stated *“The Company would like to clarify that as at the date of this announcement, the remaining CN-C in an aggregate amount of HK\$109 million has been successfully placed to independent third parties (the “unpaid CN-C”) which confirmed by SHKI, the placing agent, however the placing funds will remain unpaid until trading of the Company shares are resumed. The Company will cancel the said unpaid CN-C issuance if the subscribers fail to pay-up within reasonable times after the Company shares trading resumed.”*

The board of directors of the Company further clarifies and confirms that based on the advice of the auditor of the Company and the lengthy time on non-delivery of proceeds, the Company considered the CN-C of HK\$109 million should be deemed to be not placed and cancelled.

By order of the Board
Natural Dairy (NZ) Holdings Limited
WU Nengkun
Chairman

Hong Kong, 1 November 2012

As at the date of this announcement, the Board comprises four executive Directors, being Mr. Wu Nengkun (Chairman), Mr. Luo Ji (Managing Director), Mr. Yao Haisheng and Mr. Zhang Hanwen and three independent non-executive Directors, being Ms. Chan Man Kuen Laura, Mr. Sze Cheung Hung and Mr. Zhang Jianhong.