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Daqing Dairy Holdings Limited
大慶乳業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1007)

RESIGNATION OF AUDITORS
AND
DELAY IN PUBLICATION OF ANNUAL RESULTS
AND DESPATCH OF ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

The Board announces that Deloitte Touche Tohmatsu has resigned as auditors of the Company with effect from 21 March 2012. The Company is currently in the process of identifying a suitable replacement to fill the vacancy following the resignation of Deloitte Touche Tohmatsu.

Due to the change of auditors, the Company requires additional time to gather sufficient information for the new auditors to perform and complete their audit procedures and expects that it will be unable to publish the Annual Results by 31 March 2012 and despatch the Annual Report by 30 April 2012.

RESIGNATION OF AUDITORS

The board (the “**Board**”) of directors (“**Directors**”) of Daqing Dairy Holdings Limited (the “**Company**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) that the Board and the audit committee of the Company (the “**AC**”) have received a letter from Deloitte Touche Tohmatsu (“**Deloitte**”) dated 21 March 2012 advising its resignation as auditors of the Company with effect from 21 March 2012 (the “**Letter**”).

During the course of audit of the consolidated financial statements of the Company for the year ended 31 December 2011, Deloitte has informed the Board and the AC various issues which they believe affect the accuracy of the Company's financial statements. The Company has provided explanations to these issues and attempted to allay Deloitte's misgivings. However, despite supporting information provided by the Company and explanations given to the senior management of Deloitte, the Board and the AC were unable to allay those misgivings nor agree with Deloitte as to the next course of action. On 21 March 2012, Deloitte tendered their resignation as auditors of the Group (i.e. the Company and its subsidiaries).

Set out below is the extract of the Letter:

“We continue to have concerns about matters pervasive to the financial statements including: 1) certain milk procurement transactions brought to the attention of 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 management- The Tax Bureau investigation – for removing accounting records which were then not available to us continuously during the audit; 4) the validity and commercial substance of acquisitions of milk stations, farm houses and Holstein cattle; and 5) difficulties we encountered during our visits to the local branch of one of the Group's banks.

These matters have been raised with the Board and Audit Committee in the context of their responsibilities for safeguarding the assets of the Group, for ensuring the reliability of the Group's financial reporting process, and in the context also of our responsibilities under Hong Kong Standard on Auditing 240 “The auditor's responsibilities relating to fraud in an audit of financial statements”.

We have outlined the steps which we consider necessary to address these matters. However, we have concluded that the Company is not committed to the proposed course of action. Accordingly, we have decided to tender our resignation as auditors of the Group with immediate effect.”

Other than the foregoing, Deloitte confirmed in the Letter that there are no other matters that they consider need to be brought to the attention of the Shareholders.

The Company is currently in the process of identifying a suitable replacement to fill the vacancy following the resignation of Deloitte. A further announcement relating to the appointment of new auditors will be made by the Company in due course.

The Board has established an independent review committee (the “**Independent Review Committee**”) comprising the independent non-executive Directors and other qualified independent individual(s) to be appointed as may be required, to conduct a fresh review of Deloitte’s misgivings and to report their findings and recommendations to the Board. The Independent Review Committee has the power to appoint such independent professional advisers as it considers necessary in discharging its duties. It is expected that another international accounting firm will be appointed to assist the Independent Review Committee in due course.

DELAY IN PUBLICATION OF ANNUAL RESULTS AND DESPATCH OF ANNUAL REPORT

Due to the change of auditors, the Company requires additional time to gather sufficient information for the new auditors to perform and complete their audit procedures and expects that it will be unable to publish its annual results for the year ended 31 December 2011 (the “**Annual Results**”) by 31 March 2012 and despatch of its annual report for the same period (the “**Annual Report**”) by 30 April 2012. The Company will publish further announcement to inform the Shareholders on the date of release of the Annual Results in due course.

The delay in the publication of the announcement of Annual Results and the despatch of the Annual Report constitute a breach of Rules 13.49(1) and 13.46(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended with effect from 9:00 a.m. on 22 March 2012 and will remain suspended until further notice.

By Order of the Board
Daqing Dairy Holdings Limited
Zhao Yu
Chairman

Hong Kong, 29 March 2012

As at the date of this announcement, the executive Directors are Mr. Zhao Yu, Mr. Zhao Chuan Wen, Mr. Xia Yuan Jun, Mr. Fu Chong, Mr. Fong Pin Jan, Mr. Wang Delin; and the independent non-executive Directors are Mr. Cheung Hok Fung Alexander, Ms. Chan Wah Man Carman and Mr. Zhang Zhou.