
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offers, this document or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or otherwise transferred all your Shares, you should at once hand this document and the accompanying Form(s) of Acceptance to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). This document should be read in conjunction with the accompanying Form(s) of Acceptance, the contents of which form part of the terms of the Offers contained therein.

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Radiant State Limited

(incorporated in the British Virgin Islands with limited liability)

OFFER DOCUMENT

UNCONDITIONAL MANDATORY CASH OFFERS BY



KINGSTON SECURITIES LTD.

ON BEHALF OF

RADIANT STATE LIMITED FOR

ALL THE ISSUED SHARES IN DAQING DAIRY HOLDINGS LIMITED

(STOCK CODE: 1007)

(OTHER THAN THOSE SHARES ALREADY OWNED BY

RADIANT STATE LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

AND

FOR THE CANCELLATION OF ALL OUTSTANDING SHARE OPTIONS OF

DAQING DAIRY HOLDINGS LIMITED

Financial adviser to Radiant State Limited



KINGSTON CORPORATE FINANCE LTD.

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this document.

A letter from Kingston Securities containing, among other things, the terms of the Offers, is set out on page 5 to 15 of this document.

The procedures for acceptance and settlement of the Offers are set out in Appendix I to this document and in the accompanying Form(s) of Acceptance. Acceptances of the Offers should be received by the Registrar (as regards the Share Offer) or Kingston Securities (as regards the Option Offer) no later than 4 : 00 p.m. on 5 July 2013 or such later time and/or date as the Offeror may determine and announce, with the consent of the Executive, in accordance with the Takeovers Code.

7 June 2013

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EXPECTED TIMETABLE

The expected timetable set out below is indicative only and may be subject to change. Further announcement(s) will be made as and when appropriate.

Events

2013
(Note 1)

Despatch date of this offer document and commencement date of the Offers	7 June
Latest time and date for acceptance of the Offers (<i>Notes 2 and 4</i>)	4:00 p.m. on 5 July
Closing Date of the Offers (<i>Notes 2 and 4</i>)	5 July
Announcement of the results of the Offers and the level of acceptances uploaded to the Stock Exchange's website (<i>Note 2</i>)	Not later than 7:00 p.m. on 5 July
Latest date for posting of remittance to the Shareholders and Option Holders in respect of valid acceptances of the Offers (<i>Notes 3 and 4</i>).....	16 July

Notes:

1. All times and dates refer to Hong Kong local times and dates.
2. In accordance with the Takeovers Code, the Offers must initially be open for acceptance for at least 28 days following the date on which this document is posted since the offeree board circular will be despatched separately on a date later than this document. The latest time for acceptance of the Offers on the Closing Date is 4:00 p.m. on 5 July 2013 unless the Offeror revises or extends the Offers in accordance with the Takeovers Code. An announcement will be issued through the website of the Stock Exchange by 7:00 p.m. on 5 July 2013 stating whether the Offers have been revised, extended or expired. In the event that the Offeror decides to extend the Offers and the announcement does not specify the next closing date, at least 14 days' notice by way of an announcement will be given before the Offers are closed to those Independent Shareholders and Option Holders who have not accepted the Offers.
3. The amounts due to the Shareholders or the Option Holders (as the case may be) who accepts the Offers shall be paid by the Offeror as soon as possible but in any event within 7 Business Days of the date of receipt of a duly completed form of acceptance in accordance with the Takeovers Code.
4. The latest time and date for acceptance of the Offers and the latest date for posting of remittances for the amounts due under the Offers in respect of valid acceptances will not take effect if there is a tropical cyclone warning signal number 8 above, or a "black" rainstorm warning, in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offers and the latest date for posting of remittances for the amounts due under the Offers in respect of valid acceptances. Instead the latest time for acceptance of the Offers and the posting of remittances will be rescheduled to 4:00 p.m. on the following business day (as defined in the Takeovers Code) which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

DEFINITIONS

In this document, unless the context otherwise requires, the following expressions have the following meanings.

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Announcement”	the joint announcement dated 18 April 2013 made by the Offeror and Daqing containing, among other matters, details of the Offers
“associates”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Closing Date”	5 July 2013, the closing day of the Offers, which is 28 days after the date of this document or if the Offers are revised or extended, the closing date of the Offers as revised or extended by the Offeror in accordance with the Takeovers Code
“Completion”	completion of the Sale and Purchase Agreement
“Companies Law”	Cayman Islands Companies (Amendment) Law, 2011
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Consideration”	the aggregate consideration of HK\$52,704,000 for the sale and purchase of the Sale Shares under the Sale and Purchase Agreement
“Daqing”	Daqing Dairy Holdings Limited (Stock Code: 1007), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Stock Exchange
“Daqing Group”	Daqing and its subsidiaries
“Director(s)”	the director(s) of Daqing
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates for the time being

DEFINITIONS

“Facility”	a standby loan facility of not less than HK\$48.40 million granted by Kingston Securities to the Offeror pursuant to a facility letter
“Form(s) of Acceptance”	the accompanying White Form of Acceptance and/or (as the case may be) the Yellow Form of Acceptance
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholders other than the Offeror, Mr. Kyan and parties acting in concert with any one of them
“Independent Third Party(ies)”	third party(ies) who is (are) independent of and not connected with Daqing and its connected persons
“Kingston Corporate Finance”	Kingston Corporate Finance Limited, a licenced corporation to carry out business in type 6 (advising on corporate finance) regulated activity under the SFO and the financial adviser to the Offeror in respect of the Offers
“Kingston Securities”	Kingston Securities Limited, a licensed corporation to carry on business in type 1 (dealing in securities) regulated activity under the SFO which is making the Offers on behalf of the Offeror
“Last Trading Day”	21 March 2012, being the last trading day of the Shares prior to the suspension of trading of the Shares on the Stock Exchange at 9:00 am on 22 March 2012
“Latest Practicable Date”	4 June 2013, being the latest practicable date for the purpose of ascertaining certain information for inclusion in this document
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Kyan”	Mr. Kyan Su Lone, the sole beneficial owner and the sole director of the Offeror
“Mr. Zhao” or the “Vendor”	Mr. Zhao Yu, the then controlling Shareholder of Daqing immediately before Completion and the vendor of the Sale Shares
“Offer Period”	the period commencing from 18 April 2013, being the date of the Announcement, until the date when the Offers close for acceptance

DEFINITIONS

“Offer Share(s)”	Share(s) in respect of which the Share Offer is made, being issued Share(s) other than those already owned by the Offeror and parties acting in concert with it
“Offeror”	Radiant State Limited, a company incorporated in the British Virgin Islands with limited liability which is wholly and beneficially owned by Mr. Kyan
“Offers”	together, the Share Offer and the Option Offer
“Option Holder(s)”	the holder(s) of the Share Options
“Option Offer”	the mandatory unconditional cash offer to be made by Kingston Securities, for and on behalf of the Offeror, for the cancellation of all outstanding Share Options at HK\$0.0001 for each Share Option in cash in accordance with Rule 13 of the Takeovers Code
“Overseas Option Holder(s)”	Option Holder(s), whose addresses, as shown on the register of Option Holders of Daqing, are outside Hong Kong
“Overseas Shareholder(s)”	holder(s) of Share(s) whose addresses, as shown on the register of members of Daqing, are outside Hong Kong
“PRC”	the People’s Republic of China
“Registrar”	Computershare Hong Kong Investor Services Limited, being the Hong Kong branch share registrar and transfer office of Daqing which is located at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Relevant Period”	the period commencing on 18 October 2012, being the date falling on the six months before the date of the Announcement, and ending on the Latest Practicable Date (both dates inclusive)
“Sale and Purchase Agreement”	the sale and purchase agreement dated 8 February 2013 entered into between the Offeror (as purchaser) and Mr. Zhao (as vendor) in respect of the sale and purchase of the Sale Shares (as supplemented by the Supplemental Agreement)
“Sale Share(s)”	an aggregate of 527,040,000 Shares acquired by the Offeror from Mr. Zhao pursuant to the terms and conditions of the Sale and Purchase Agreement

DEFINITIONS

“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.00001 each in the issued share capital of Daqing
“Share Offer”	the unconditional mandatory cash offer to be made by Kingston Securities for and on behalf of the Offeror for all the issued Shares (other than those already owned by the Offeror and parties acting in concert with it) in accordance with Rule 26.1 of the Takeovers Code
“Share Offer Price”	the price per Offer Share in cash at which the Share Offer will be made, being HK\$0.1 per Offer Share
“Share Option(s)”	share options granted by Daqing pursuant to Daqing’s share option scheme adopted on 10 October 2010
“Shareholder(s)”	the holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental sale and purchase agreement dated 11 March 2013 entered into between the Offeror (as purchaser) and Mr. Zhao (as vendor) to supplement or amend certain terms of the Sale and Purchase Agreement, among others, rectifying the number of Sale Shares to be 527,040,000 Shares and the Consideration to be HK\$52,704,000
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“White Form of Acceptance”	the form of acceptance and transfer of the Offer Shares in WHITE in respect of the Share Offer which accompanies this document
“Yellow Form of Acceptance”	the form of acceptance and cancellation of the Share Options in YELLOW in respect of the Option Offer which accompanies this document
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

LETTER FROM KINGSTON SECURITIES



KINGSTON SECURITIES LTD.

Suite 2801, 28th Floor
One International Finance Centre
1 Harbour View Street, Central, Hong Kong

7 June 2013

To the Independent Shareholders and Option Holders,

Dear Madam or Sir,

**UNCONDITIONAL MANDATORY CASH OFFERS BY
KINGSTON SECURITIES LIMITED
ON BEHALF OF
RADIANT STATE LIMITED FOR
ALL THE ISSUED SHARES IN DAQING DAIRY HOLDINGS LIMITED
(STOCK CODE: 1007)
(OTHER THAN THOSE SHARES ALREADY OWNED BY
RADIANT STATE LIMITED AND PARTIES ACTING IN CONCERT WITH IT)
AND
FOR THE CANCELLATION OF ALL OUTSTANDING SHARE OPTIONS OF
DAQING DAIRY HOLDINGS LIMITED**

INTRODUCTION

On 8 February 2013, Mr. Zhao and the Offeror entered into the Sale and Purchase Agreement (as supplemented and rectified by the Supplemental Agreement dated 11 March 2013) pursuant to which Mr. Zhao agreed to sell and the Offeror agreed to purchase the Sale Shares, representing approximately 52.16% of the entire issued share capital of Daqing at the Consideration of HK\$52,704,000 in cash, representing HK\$0.1 per Sale Share. Completion took place on 8 February 2013.

The Consideration represents HK\$0.1 per Sale Share, which was agreed between Mr. Zhao and the Offeror after arm's length negotiations having taken into account, amongst others, (i) the prolonged suspension of trading in the Shares since 22 March 2012; (ii) the subsequent development of Daqing's situation as publicly disclosed in its announcements; and (iii) such acquisition of the controlling stake in Daqing having proceeded on the basis that the Offeror was only able to assess Daqing's difficult situation based on publicly available information and no guarantee was given by Mr. Zhao to the Offeror to assure any conditions of Daqing including but not limited to continuity of existing business, status of financial statements and resumption of the trading of the Shares on the Stock Exchange.

LETTER FROM KINGSTON SECURITIES

Details of the Offers are set out in this letter, Appendix I to this document and the accompanying Form(s) of Acceptance.

Daqing is required to despatch the offeree board circular to the Shareholders and the Option Holders, containing, among other things, the letter from the Board of Daqing, the respective advice of the independent board committee of Daqing and the independent financial adviser in respect of the Offers within 14 days after the posting of this document.

UNCONDITIONAL MANDATORY CASH OFFERS

Upon Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it are interested in 527,040,000 Shares, representing approximately 52.16% of the entire issued share capital of Daqing. Save for the aforesaid in this paragraph, the Offeror and parties acting in concert with it do not own or control any other interests in any Shares, options, warrants, convertible securities or derivatives of Daqing. Pursuant to Rule 26.1 and Rule 13 of the Takeovers Code, the Offeror is required to make an unconditional mandatory general offer in cash for all the issued Shares other than those already owned by the Offeror and parties acting in concert with it and an appropriate offer to cancel all the outstanding Share Options.

As at the Latest Practicable Date, Daqing has 1,010,500,000 Shares in issue and 12,000,000 outstanding Share Options conferring rights to subscribe for a total of 12,000,000 Shares. Save for the outstanding Share Options, Daqing does not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares as at the Latest Practicable Date.

Principal terms of the Offers

Kingston Securities will, on behalf of the Offeror, make the Offers to all Independent Shareholders to acquire all the issued Shares, other than those already owned by the Offeror and parties acting in concert with it, and to all Option Holders to cancel all the outstanding Share Options in compliance with the Takeovers Code on the following basis:

For each Offer Share	HK\$0.1 in cash
For the cancellation of each Share Option (<i>Note</i>)	HK\$0.0001 in cash

Note: As at the Latest Practicable Date, the exercise price of the outstanding Share Options is HK\$3.512, which is out-of-money. The Share Options are exercisable from 28 October 2012 to 27 October 2014.

The Share Offer Price of HK\$0.1 per Offer Share is equal to the price paid by the Offeror to the Vendor per Sale Share under the Sale and Purchase Agreement.

LETTER FROM KINGSTON SECURITIES

Pursuant to Rule 13 of the Takeovers Code, the offer price for the Share Options will normally represent the difference between the exercise price of the Share Options and the Share Offer Price. However, as the exercise price of the outstanding Share Options is above the Share Offer Price, the offer price for each Share Option is at a nominal value of HK\$0.0001.

The Offers are unconditional and therefore are not conditional upon any minimum level of acceptances being received nor subject to any other conditions.

Comparison of value

The Share Offer Price of HK\$0.1 per Offer Share represents:

- (i) a discount of approximately 94.05% to the closing price of HK\$1.680 per Share as quoted on the Stock Exchange on 21 March 2012, being the Last Trading Day;
- (ii) a discount of approximately 94.63% to the average closing price of approximately HK\$1.862 per Share, being the average of the closing prices of the Shares as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 94.85% to the average closing price of approximately HK\$1.941 per Share, being the average of the closing prices of the Shares as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day; and
- (iv) a discount of approximately 94.64% to the average closing price of approximately HK\$1.864 per Share, being the average of the closing prices of the Shares as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day.

Highest and lowest Share prices

Trading in the Shares on the Stock Exchange has been suspended since 22 March 2012. The closing price of the Shares on the Last Trading Day was HK\$1.680 per Share.

Value of the Offers

On the basis of the Share Offer Price of HK\$0.1 per Offer Share and 1,010,500,000 Shares in issue as at the Latest Practicable Date, the entire issued share capital of Daqing is valued at approximately HK\$101.05 million. Excluding the 527,040,000 Sale Shares having been acquired by the Offeror pursuant to the Sale and Purchase Agreement, 483,460,000 Shares will be subject to the Share Offer. Assuming there is no change in the issued share capital of Daqing prior to the making of the Offers, the Share Offer is valued at approximately HK\$48.35 million.

Based on the offer price of HK\$0.0001 for the cancellation of each outstanding Share Option and 12,000,000 outstanding Share Options, the Option Offer is valued at HK\$1,200.

Accordingly, aggregate value of the Offers is approximately HK\$48.35 million.

LETTER FROM KINGSTON SECURITIES

Financial resources available for the Offers

The Offeror will finance and satisfy the cash consideration payable under the Offers by the Facility granted by Kingston Securities. Under the terms of the Facility, the Sale Shares acquired under the Sale and Purchase Agreement and the Offer Shares to be acquired through the Offers shall be pledged to Kingston Securities for the Facility. The Offeror does not intend that the payment of interest on, repayment of or security for any liability under the Facility will depend to any significant extent on the business of the Daqing Group.

Kingston Corporate Finance, being the financial adviser to the Offeror in respect of the Offers, is satisfied that there are sufficient financial resources available to the Offeror to satisfy full acceptance of the Offers.

Compulsory acquisition

The Offeror does not intend to apply any right which may be available to it under the Companies Law to acquire compulsorily any Shares outstanding after the close of the Offers.

Effects of accepting the Offers

By accepting the Offers, (a) the relevant Shareholders will sell their Shares to the Offeror free from all liens, claims, charges, encumbrances, rights of pre-emption and any third party rights of any nature and together with all rights attached to them, including the right to receive all dividends and distributions declared, made or paid on or after which the Share Offer is made, that is, the date of despatch of this offer document; and (b) as the case may be, the relevant holders of the Share Options will surrender to Daqing their Share Options for cancellation by Daqing, together with all rights attaching thereto, with effect from the date on which the Option Offer is made, that is, the date of despatch of this offer document.

Stamp duty

Seller's Hong Kong ad valorem stamp duty at a rate of 0.1% of the market value of the Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is higher, will be deducted from the cash amount payable by the Offeror to the relevant Shareholders on acceptance of the Share Offer. The Offeror will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the accepting Shareholders and will pay the Offeror's Hong Kong ad valorem stamp duty in connection with the acceptances of the Share Offer and the transfers of the Offer Shares to the Stamp Office in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong). No stamp duty is payable in connection with the Option Offer.

Payment

Payment in cash in respect of acceptance of the Offers, net of seller's Hong Kong ad valorem stamp duty (as the case may be), will be made as soon as possible but in any event within seven (7) Business Days from the date on which the duly completed acceptance of the Offers and the relevant documents of title of the Shares and/or Share Options in respect of such acceptance are received by or for the Offeror.

LETTER FROM KINGSTON SECURITIES

Overseas Shareholders and Overseas Option Holders

The availability of the Offers to persons who are not residents in Hong Kong may be affected by the applicable laws of the relevant jurisdiction in which they are residents. Overseas Shareholders and Overseas Option Holders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements in their own jurisdictions and, where necessary, seek legal advice. It is the responsibility of the Overseas Shareholders and the Overseas Option Holders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders and Overseas Option Holders in respect of such jurisdictions).

Any acceptance of any Shareholder or Option Holder will be deemed to constitute a representation and warranty from such Shareholder or Option Holder to the Offeror that the local laws and requirements have been complied with. The Shareholders and Option Holders should consult their professional advisers if in doubt.

SHAREHOLDING STRUCTURE OF DAQING

Set out below is the shareholding structure of Daqing (i) immediately before Completion; and (ii) immediately after Completion and as at the Latest Practicable Date.

Shareholders	Immediately before Completion		Immediately after Completion and as at the Latest Practicable Date	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Mr. Zhao (<i>Note</i>) Offeror and parties acting in concert with it	527,172,000	52.17%	-	0.00%
Public Shareholders	-	0.00%	527,040,000	52.16%
	483,328,000	47.83%	483,460,000	47.84%
Total	<u>1,010,500,000</u>	<u>100.00%</u>	<u>1,010,500,000</u>	<u>100.00%</u>

Note: Mr. Zhao was a former executive Director of Daqing and chairman of the Board before his resignation on 10 January 2013. According to the Disclosure of Interest forms posted on the website of the Stock Exchange, Mr. Zhao was also the controlling Shareholder of Daqing who was interested in 527,172,000 Shares of Daqing, representing 52.17% of the entire issue share capital of Daqing.

LETTER FROM KINGSTON SECURITIES

OFFEROR'S INTENTION FOR DAQING GROUP

The Offeror intends that Daqing will continue with its existing principal activities, including but not limited to the production, marketing and sales of dairy products, and the operation and management of ecological farm and related businesses. In view of Mr. Kyan's experience in food and beverage and trading businesses in the PRC, the Offeror considers that Mr. Kyan's experience and business network will be able to benefit Daqing's development in the long run. The Offeror does not intend to introduce any major changes to the existing operations and business of Daqing. The Offeror will conduct a more detailed review on the operations of Daqing Group with a view to formulating a comprehensive business strategy for Daqing Group and subject to the result of the review, the Offeror may explore other business opportunities and consider whether any assets and/or business acquisitions by Daqing Group will be appropriate in order to enhance its growth. The Offeror has no intention to discontinue the employment of the employees or to dispose of or deploy the assets of Daqing Group other than those in its ordinary course of business. As at the Latest Practicable Date, the Offeror has no intention or plans for any acquisition or disposal of assets and/or business by Daqing Group.

PROPOSED CHANGE OF BOARD COMPOSITION

The Board currently comprises one executive Director, namely Mr. Wang De Lin and one independent non-executive Director, namely Mr. Chiang Chi Kin, Stephen.

The Offeror intends to restructure the Board by nominating (i) Mr. Ng Kwong Chue Paul as an executive Director, (ii) Ms. Kou Mei In as the chairlady and a non-executive Director; (iii) Mr. Chiu Chi Kong as a non-executive Director and (iv) Mr. Che Kuong Hon as an independent non-executive Director with effect from the earliest time permitted under the Takeovers Code and by the Executive. Such appointments will be made in compliance with the Takeovers Code and the Listing Rules and a separate announcement will be made in this regard as and when appropriate.

Particulars of the new Directors to be nominated are set out below:

Mr. Ng Kwong Chue, Paul

Mr. Ng Kwong Chue, Paul ("Mr. Ng"), aged 42, holder of a bachelor degree in commerce from the University of Melbourne. Mr. Ng is a member of each of CPA Australia, Hong Kong Institute of Certified Public Accountants, Hong Kong Securities and Investment Institute and Hong Kong Investor Relations Association, and a fellow of The Hong Kong Institute of Directors. Mr. Ng has years of experience in audit, taxation and corporate finance gained from international accounting firms. In 2008, Mr. Ng was elected as the honorable president for Macao ASEAN International Chamber of Commerce and the honorable chairman for Fujian Province Shishi Yuhu Care Charity Association. Currently, Mr. Ng is an executive director, authorized representative and company secretary of JLF Investment Company Limited, a company listed on the Stock Exchange (Stock Code: 472) and the co-founder and a non-executive director of China Innovation Investment Limited (Stock Code: 1217).

LETTER FROM KINGSTON SECURITIES

Save as disclosed in Mr. Ng's particulars above, as at the Latest Practicable Date, Mr. Ng:

- (1) did not hold any other positions in Daqing or in any other members of Daqing Group, nor any directorships in other listed public companies in the three years prior to the date of this document;
- (2) did not have any other relationships with any directors, members of senior management, substantial shareholders or controlling shareholders of Daqing; and
- (3) did not hold any other interests in the shares of Daqing within the meaning of Part XV of the Securities and Futures Ordinance.

Ms. Kou Mei In

Ms. Kou Mei In ("Ms. Kou"), aged 39, wife of Mr. Kyan. Ms. Kou graduated with a bachelor degree in Economics from Sun Yat-Sen University in 2000. Ms. Kou has over 7 years' experience in corporate management, real estate development and financial investment. Currently, Ms. Kou is the chairman of Chong Ou Seng Tourism Company Limited (中澳城旅遊有限公司), Golf-Time Property Company Limited (澳門高爾夫地產有限公司) and Jing Fu-Servicos De Recurso Humano Limitada (景福人力資源有限公司) and the general manager of Kyan International Holdings Company Limited (利得國際控股有限公司). Ms. Kou is also an executive director of Macao ASEAN International Chamber of Commerce, the honorary president of Ha Mun Friendship General Association of Macao and a member of The Chinese People's Political Consultative Conference Xiamen Committee.

Save as disclosed in Ms. Kou's particulars above, as at the Latest Practicable Date, Ms. Kou:

- (1) did not hold any other positions in Daqing or in any other members of Daqing Group, nor any directorships in other listed public companies in the three years prior to the date of this document;
- (2) did not have any other relationships with any directors, members of senior management, substantial shareholders or controlling shareholders of Daqing; and
- (3) did not hold any other interests in the shares of Daqing within the meaning of Part XV of the Securities and Futures Ordinance.

LETTER FROM KINGSTON SECURITIES

Mr. Chiu Chi Kong

Mr. Chiu Chi Kong (“Mr. Chiu”), aged 45, is a practicing solicitor in Hong Kong. Mr. Chiu obtained a Bachelor of Laws degree from The University of Hong Kong in December 1992 and a Bachelor of Laws degree from Peking University in July 1997. He was admitted as a solicitor of the High Court of Hong Kong in September 1995 and solicitor of the Supreme Courts of England and Wales in October 1996. Mr. Chiu has considerable experience in corporate finance and compliance matters for listed companies in Hong Kong. He is a member of the Law Society of Hong Kong and the Law Society of England and Wales. Mr. Chiu is a China Appointed Attesting Officer appointed by the Ministry of Justice of the PRC since April 2006 and an accredited mediator of Hong Kong International Arbitration Centre since January 2004. He is also a member of the Chinese People’s Political Consultative Conference of Changchun PRC. Mr. Chiu is currently an independent non-executive director of Chanceton Financial Group Limited (Stock Code: 8020) and China Bio-Med Regeneration Technology Limited (Stock Code: 8158).

Save as disclosed in Mr. Chiu’s particulars above, as at the Latest Practicable Date, Mr. Chiu:

- (1) did not hold any other positions in Daqing or in any other members of Daqing Group, nor any directorships in other listed public companies in the three years prior to the date of this document;
- (2) did not have any other relationships with any directors, members of senior management, substantial shareholders or controlling shareholders of Daqing; and
- (3) did not hold any other interests in the shares of Daqing within the meaning of Part XV of the Securities and Futures Ordinance.

Mr. Che Kuong Hon

Mr. Che Kuong Hon (“Mr. Che”), aged 58, holder of a bachelor degree in Business Administration and a diploma in Chinese Laws from University of East Asia, Macau; a bachelor degree in Law from China University of Political Science and Law; a postgraduate diploma in Macau Law from University of Macau; a master degree in Law from Asia International Open University (Macau) and a Doctor degree in Law from Xiamen University. Mr. Che has over 30 years of experience in corporate management and legal counsel. Mr. Che is now the vice chairman of Macao ASEAN International Chamber of Commerce and a member of the 3rd Macao Chief Executive Election Committee.

LETTER FROM KINGSTON SECURITIES

Save as disclosed in Mr. Che's particulars above, as at the Latest Practicable Date, Mr. Che:

- (1) did not hold any other positions in Daqing or in any other members of Daqing Group, nor any directorships in other listed public companies in the three years prior to the date of this document;
- (2) did not have any other relationships with any directors, members of senior management, substantial shareholders or controlling shareholders of Daqing; and
- (3) did not hold any other interests in the shares of Daqing within the meaning of Part XV of the Securities and Futures Ordinance.

MAINTAINING THE LISTING STATUS OF DAQING

The Offeror intends to maintain the listing of the Shares on the Main Board of the Stock Exchange after closing of the Offers and will undertake to the Stock Exchange to take appropriate steps which may include the placing of existing Shares by the Offeror to ensure that sufficient public float as required under the applicable Listing Rules exists in the Shares following the close of the Offers.

The Stock Exchange has stated that if, at the closing of the Offers, less than 25% of the issued Shares are held by the public or if the Stock Exchange believes that: (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend dealings in the Shares until a level of sufficient public float is attained.

INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in the British Virgin Islands with limited liability. The sole shareholder and director of the Offeror is Mr. Kyan. Immediately prior to the entering into of the Sale and Purchase Agreement, the Offeror and its ultimate beneficial shareholder were Independent Third Parties and did not hold any Shares. Other than the entering into of the Sale and Purchase Agreement, the Offeror has not conducted any business since its incorporation.

Mr. Kyan, aged 41, is the sole beneficial shareholder and director of the Offeror. Mr. Kyan has over 10 years of experiences in food and beverage, real estate development, financial investment and trading businesses. Since 2002, Mr. Kyan has been a director of RDS FRIED CHICKEN CO. LTD (大堂街秘方炸雞有限公司) where he has been responsible for marketing and promotion in the PRC and Macau. Since 2005, Mr. Kyan is the director of Xiamen Yidali Food and Beverage Management Co. Ltd.* (廈門市億達利餐飲管理有限公司). From 2005, Mr. Kyan also acts as the General Manager of Jinlong Investment & Development Co. Ltd (金龍投資發展有限公司), an investment holding company where he has been involved in the operation of Hotel Golden Dragon (金龍酒店) at Macau Peninsula and various real estate development projects in the PRC. Mr. Kyan is currently a counselor of City University of Macau, a member of Chinese People's Political Consultative Committee of Xiamen City, Fujian Province (福建省廈門市政協委員), the chairman of Macao ASEAN International Chamber of Commerce (澳門東盟國際商會理事長) and the chairman of Ha Mun Friendship General Association of Macao (澳門廈門聯誼總會理事長). As at the Latest Practicable Date, Mr. Kyan does not hold any directorship in any public listed companies.

* for identification purpose only

LETTER FROM KINGSTON SECURITIES

INFORMATION ON DAQING GROUP

Daqing is a company incorporated in the Cayman Islands with limited liability principally engaged in investment holding, the shares of which are listed on the Main Board of the Stock Exchange. Daqing Group is principally engaged in the production, marketing and sales of dairy products and the operation and management of ecological farm and related business in the PRC. Trading in the Shares on the Stock Exchange has been suspended since 22 March 2012.

TAX IMPLICATIONS

None of the Offeror, Kingston Securities, Kingston Corporate Finance or any of their respective directors or any other parties involved in the Offers is in a position to advise the Independent Shareholders or the Option Holders on their individual tax implications. The Independent Shareholders and the Option Holders are recommended to consult their own professional advisers as to the tax implications that may arise from accepting the Offers. None of the Offeror, Kingston Securities, Kingston Corporate Finance or any of their respective directors or any other parties involved in the Offers accepts any responsibility for any tax effect on, or liabilities of, the Independent Shareholders or the Option Holders.

FURTHER TERMS OF THE OFFER

Further terms and conditions of the Offers, including, among other things, procedures for acceptance and settlement, the acceptance period and taxation matters are set out in Appendix I to this document and in the Form(s) of Acceptance.

GENERAL

To ensure equality of treatment of all Shareholders, those registered Shareholders who hold Shares as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owners of the Shares whose investments are registered in nominee names to accept the Share Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the Share Offer.

All documents and remittances sent to the Independent Shareholders by ordinary post will be sent to them at their own risk. Such documents and remittances will be sent to the Independent Shareholders at their respective addresses as they appear in the register of members of Daqing or in the case of joint Independent Shareholders, to the Independent Shareholder whose name appears first in the register of members of Daqing. None of the Offeror, Kingston Securities, Kingston Corporate Finance or any of their respective directors or professional advisers or any other parties involved in the Offers will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

LETTER FROM KINGSTON SECURITIES

The Independent Shareholders and the Option Holders are strongly advised to consider carefully the information contained in the offeree board circular to be despatched by Daqing, containing, among other things, the letter from the Board of Daqing, the respective advice of the independent board committee of Daqing and the independent financial adviser in respect of the Offers before making decisions on whether or not to accept the Offers. Your attention is drawn to the Form(s) of Acceptance and the additional information set out in the Appendices to this document, which form part of this document.

Yours faithfully,
For and on behalf of
Kingston Securities Limited
Nicholas Chu
Director

1. PROCEDURES FOR ACCEPTANCE

A. The Share Offer

If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title in respect of your Shares are in your name, and you wish to accept the Share Offer, you must send the duly completed relevant White Form of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required) in respect of the Shares by post or by hand, to the Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong, marked “**Daqing Dairy Holdings Limited — Share Offer**” on the envelope as soon as possible, but in any event not later than 4: 00 p.m. on 5 July 2013 or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.

If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Share Offer whether in full or in respect of part of your Shares, you must either:

- (a) lodge your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required), with the nominee company, or other nominee, and with instructions authorizing it to accept the Share Offer on your behalf and requesting it to deliver the relevant White Form of Acceptance duly completed together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required) to the Registrar; or
- (b) arrange for the Shares to be registered in your name by Daqing through the Registrar and send the relevant White Form of Acceptance duly completed together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required) to the Registrar; or
- (c) if your Shares have been lodged with your licensed securities dealer/ custodian bank through CCASS, instruct your licensed securities dealer/ custodian bank to authorize HKSCC Nominees Limited to accept the Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer in your securities/custodian bank for the timing on processing of your instruction, and submit your instruction to your licensed securities dealer/ custodian bank as required by them; or

- (d) if your Shares have been lodged with your Investor Participant's Account with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set out by HKSCC Nominees Limited.

If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Share Offer, the White Form of Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your Share certificate(s) and/or transfer receipts and/or other document(s) of title or that it/they is/are not readily available. If you find such document(s) or if it/they become available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title, you should also write to the Registrar a letter of indemnity which, when completed in accordance with the instruction given, should be returned to the Registrar.

If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your Share certificate(s), and you wish to accept the Share Offer, you should nevertheless complete the White Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to any of Kingston Securities, Daqing, the Offeror or their respective agent(s) to collect from Daqing or the Registrar on your behalf the relevant Share certificate(s) when issued and to deliver such Share certificates to the Registrar and to authorise and instruct the Registrar to hold such Share certificate(s), subject to the terms and conditions of the Share Offer, as if it/they were delivered to the Registrar together with the relevant White Form of Acceptance.

Acceptance of the Share Offer will be treated as valid only if:

- (a) it is received by the Registrar on or before the latest time for acceptance on the Closing Date at 4:00 p.m. on 5 July 2013 (or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code) and the Registrar has recorded that the acceptance and any relevant documents required under paragraph (b) below have been so received; and
- (b) the White Form of Acceptance is duly completed and is:
- (i) accompanied by Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Shares and, if that/those Share certificate(s) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Shares in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or

- (ii) from a registered Shareholder or his personal representatives (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under the other subparagraph of this paragraph (b)); or
- (iii) certified by the Registrar or the Stock Exchange.

If the White Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.

No acknowledgement of receipt of any White Form of Acceptance, Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

B. The Option Offer

- (a) If you accept the Option Offer, you should complete the relevant Yellow Form of Acceptance in accordance with the instructions printed thereon, which form part of the terms and conditions of the Option Offer.
- (b) The completed Yellow Form of Acceptance should be forwarded, together with the relevant Share Option certificate(s) (if any) and/or any other document(s) of title stating the number of outstanding Share Options in respect of which you intend to accept the Option Offer, by post or by hand to Kingston Securities at Suite 2801, 28th Floor, One IFC, 1 Harbour View Street, Central, Hong Kong, marked “**Daqing Dairy Holdings Limited — Option Offer**” on the envelope, as soon as possible and in any event so as to reach Kingston Securities at the aforesaid address by no later than 4: 00 p.m. on 5 July 2013 or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.
- (c) No acknowledgement of receipt of any Yellow Form of Acceptance, the certificate(s) of the Share Options and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

2. SETTLEMENT**A. The Share Offer**

Provided that the White Form(s) of Acceptance and relevant Share certificate(s) and/or transfer receipt(s) and/or any document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order and have been received by the Registrar not later than 4 : 00 p.m. on 5 July 2013 being the latest time for acceptance of the Share Offer (or such later time and/or date as the Offeror may determine and announce with the consent of the Executive in accordance with the Takeovers Code), a cheque for the amount due to the accepting Shareholders in respect of the Shares tendered by them under the Share Offer, less seller's ad valorem stamp duty payable by them, will be despatched to the accepting Shareholders to the addresses specified on the White Forms of Acceptance by ordinary post at their own risk as soon as possible but in any event within 7 Business Days of the date on which all the relevant documents are received by the Registrar to render such acceptance complete and valid.

B. The Option Offer

Provided that the Yellow Form(s) of Acceptance of the outstanding Share Options and Option certificate(s) (if any) are complete and in good order and have been received by Kingston Securities not later than 4: 00 p.m. on 5 July 2013 (or such later time and/or date as the Offeror may determine and announce with the consent of the Executive in accordance with the Takeovers Code), a cheque for the amount due to each of the Option Holders in respect of the Share Options respectively, surrendered by the relevant Option Holders under the Option Offer will be despatched to each of them as soon as possible but in any event within 7 Business Days of the date on which all the relevant documents are received by Kingston Securities to render such acceptance complete and valid.

Settlement of the consideration to which any accepting Shareholder(s) or Option Holder(s) is/are entitled under the Offers will be implemented in full in accordance with the terms of the Offers, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Shareholder and Option Holder.

3. ACCEPTANCE PERIOD AND REVISIONS

Unless the Offers have previously been revised or extended, the latest time and date for acceptance will be 4: 00 p.m. on 5 July 2013. The Offeror reserves the right to revise the Offers after the despatch of this document until such day as it may determine and in accordance with the Takeovers Code. If the Offeror revises its terms, all Independent Shareholders and Option Holders, whether or not they have already accepted the Offers, will be entitled to accept the revised Offers under the revised terms. The Offeror will comply with any other relevant requirements under the Takeovers Code.

If the Offers are revised or extended, the announcement of such revision or extension will state the next closing date. If the Offers are revised, it will remain open for acceptance for a period of not less than 14 days from the posting of the written notification and/or announcement of the revision.

In order to be valid, White Form(s) of Acceptance for the Share Offer must be received by the Registrar and Yellow Form(s) of Acceptance for the Option Offer must be received by Kingston Securities in accordance with the instructions printed thereon by 4 : 00 p.m. on 5 July 2013.

4. ANNOUNCEMENTS

By 6:00 p.m. on the Closing Date, or such later time and/or date as the Executive may in exceptional circumstances permit, the Offeror must inform the Executive and the Stock Exchange of its decisions in relation to revision or extension or expiry of the Offers. The Offeror shall publish an announcement through the Stock Exchange's website by 7: 00 p.m. on the Closing Date, stating whether the Offers have been revised, extended or have expired. The announcement shall specify the number of Shares/ Share Options and rights over Shares, (a) for which valid acceptances have been received; (b) held, controlled or directed by the Offeror or persons acting in concert with it before the Offer Period; and (c) acquired or agreed to be acquired by the Offeror or any person acting in concert with it during the Offer Period.

The announcement must include details of any relevant securities in Daqing which the Offeror or any person acting in concert with it has borrowed or lent, save for any borrowed Shares which have been either on-lent or sold.

The announcement must specify the percentages of the relevant classes of share capital, and the percentages of voting rights of Daqing represented by these numbers of Shares.

5. RIGHT OF WITHDRAWAL

Acceptances of the Offers tendered by the Independent Shareholders and Option Holders shall be irrevocable and cannot be withdrawn except in the circumstances set out in Rule 19.2 of the Takeovers Code which is to the effect that if the Offeror is unable to comply with any of the requirements of making announcements relating to the Offers as described under the section headed "Announcements" above, the Executive may require that Shareholders and Option Holders who have tendered their Form(s) of Acceptance to accept the Offers be granted a right of withdrawal on terms acceptable to the Executive until such requirements can be met.

6. STAMP DUTY

Hong Kong stamp duty at a rate of HK\$1.00 for every HK\$1,000 (or part thereof) of the greater of (i) the consideration payable by the Offeror; and (ii) the market value of the Shares (at the discretion of the Collector of Stamp Duty) in respect of relevant acceptances will be deducted from the consideration payable to the accepting Shareholders. The Offeror will then, on behalf of the accepting Shareholders, pay such amount to the Inland Revenue Department of Hong Kong.

The Offeror will also pay stamp duty payable by it as purchaser of the Shares pursuant to the Share Offer based on the gross consideration payable to the accepting Shareholders in respect of the Share Offer.

7. TAXATION

The Independent Shareholders and Option Holders are recommended to consult their own professional advisers if they are in any doubt as to the tax implications of their acceptance of the Offers. It is emphasised that none of the Offeror, Kingston Securities, Kingston Corporate Finance or any of their respective directors or any persons involved in the Offers accept responsibility for any tax effects or liabilities of any person or persons as a result of their acceptance of the Offers.

8. OVERSEAS SHAREHOLDERS AND OVERSEAS OPTION HOLDERS

The making of the Offers to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws of the relevant jurisdiction. Shareholders and Option Holders who are citizens or residents or nationals of jurisdictions outside Hong Kong should obtain appropriate legal advice on, inform themselves about and observe any applicable legal requirement. It is the responsibility of each person who wishes to accept the Offers to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with other necessary formalities or legal requirements and the payment of any transfer or other taxes due in respect of such jurisdiction.

9. GENERAL

- (i) Acceptance of the Offers by any person or persons holding Shares/Share Options will be deemed to constitute a warranty by such person or persons to the Offeror that the Shares/Share Options acquired under the Offers are sold by any such person or persons free from all liens, claims, charges, encumbrances, right of pre-emption and any third party rights of any nature and together with all rights attaching thereto, including the right to receive all dividends and distributions declared, made or paid on or after the date of despatch of the offer document. The Option Holders, in accepting the Option Offers, will surrender to Daqing all of their existing rights, if any, in respect of the Options, following which such Options will be cancelled and extinguished.

- (ii) All communications, notices, Forms of Acceptance, Share certificates, Option certificates, transfer receipts, other documents of title (and/ or any satisfactory indemnity or indemnities required in respect thereof) and remittances to be delivered by or sent to or from the Shareholders or the Option Holders will be delivered by or sent to or from them, or their designated agents, through post at their own risk, and none of the Offeror, Daqing, Kingston Securities, Kingston Corporate Finance or the Registrar or any of their respective agents, accepts any liability for any loss in postage or any other liabilities that may arise as a result thereof.
- (iii) The provisions set out in the Form(s) of Acceptance form part of the terms of the Offers.
- (iv) The accidental omission to despatch this document and/or the Form(s) of Acceptance or any of them to any person to whom the Offers are made will not invalidate the Offers in any way.
- (v) The Offers and all acceptances will be governed by and construed in accordance with the laws of Hong Kong. The Offers are made in accordance with the Takeovers Code.
- (vi) Due execution of a Form of Acceptance will constitute an authority to Daqing, the Offeror, any director of the Offeror, Kingston Corporate Finance, Kingston Securities or such person or persons as the Offeror may direct, to complete and execute any document on behalf of the person or persons accepting the Offers and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the Shares or the Options in respect of which such person or persons has/have accepted the Offers.
- (vii) References to the Offers in this document and in the Form(s) of Acceptance shall include any extension and/or revision thereof.
- (viii) The English text of this document and the Form(s) of Acceptance shall prevail over their respective Chinese text.

1. RESPONSIBILITY STATEMENT

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquires, that to the best of his knowledge, opinions expressed in this document have been arrived at after due and careful consideration and there are no other facts not contained in this document, the omission of which would make any statement contained in this document misleading. The information relating to Daqing Group contained in this document has been taken from the announcements and reports issued by Daqing as published on the website of the Stock Exchange. The only responsibility accepted by the sole director of the Offeror in respect of information relating to the Daqing Group is to ensure that it has been correctly and fairly reproduced or presented.

2. DISCLOSURE OF INTERESTS

In this section, references to any “interest” shall have the meanings ascribed thereto in Part XV of the SFO; and “shareholdings” means the Shares and any other securities of Daqing which carry voting rights, and convertible securities, warrants, options and derivatives in respect of any of them.

As at the Latest Practicable Date, the interest of the Offeror in the Shares were as follows:

Name	Capacity/ nature of interest	Long position	Short position	Approximate percentage of holding
Offeror	Beneficial interest	527,040,000	—	52.16%

As at the Latest Practicable Date, save as disclosed in this section, none of the Offeror, Mr. Kyan or parties acting in concert with any of them, owned or controlled any Shares, options, warrants, convertible securities or derivatives of Daqing.

3. ADDITIONAL DISCLOSURE OF INTERESTS

- (a) The Offeror will finance the Offers from the Facility granted by Kingston Securities. Save for the Sale Shares acquired under the Sale and Purchase Agreement and the Offer Shares to be acquired through the Offers shall be pledged to Kingston Securities for the Facility, there was no agreement, arrangement or understanding that any securities, acquired in pursuance of the Offers would be transferred, charged or pledged to any other persons.
- (b) As at the Latest Practicable Date, no benefit (other than statutory compensation) will be or have been given to any Director as compensation for loss of office in any members of the Daqing Group or otherwise in connection with the Offers.
- (c) As at the Latest Practicable Date, no agreement, arrangement or understanding (including any compensation arrangement) exists between the Offeror or any person acting in concert with it and any of the Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Offers.
- (d) As at the Latest Practicable Date and during the Relevant Period, no Shares or any convertible securities, warrants, options or derivatives issued by Daqing had been borrowed or lent by the Offeror, Mr. Kyan or parties acting in concert with any of them.
- (e) As at the Latest Practicable Date and during the Relevant Period, the Offeror, Mr. Kyan or parties acting in concert with any of them or their respective associates had no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with any person.
- (f) As at the Latest Practicable Date, no person has irrevocably committed themselves to accept or reject the Offers.
- (g) As at the Latest Practicable Date, there are no agreements or arrangements to which the Offeror is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offers.

4. DEALINGS IN SECURITIES OF DAQING

During the Relevant Period, save for the acquisition of the Sale Shares, none of the Offeror, Mr. Kyan or parties acting in concert with any of them has dealt for value in any Shares, options, warrants, convertible securities or derivatives of Daqing.

5. MARKET PRICES

Trading in the Shares has been suspended since 22 March 2012 and the table below shows the closing prices of the Shares quoted on the Stock Exchange on the Last Trading Day:

Date	Closing price per Share HK\$
21 March 2012 (being the Last Trading Day)	1.680

Trading in the Shares remains suspended on the Latest Practicable Date.

6. GENERAL

- (a) The registered office of the Offeror is at Offshore Incorporations Limited, P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.
- (b) The Offeror is wholly and beneficially owned by Mr. Kyan.
- (c) The correspondence address of the Offeror and Mr. Kyan as at Hong Kong is at 22/F., World Wide House, Central, Hong Kong; and as at Macau is at Ave. Dr. Rodrigo Rodrigues, S/N, Edif. First International C. Centre, 6 AndarSala P06-8, Macau.
- (d) The registered office of Kingston Corporate Finance is at Suite 2801, 28th Floor, One IFC, 1 Harbour View Street, Central, Hong Kong.
- (e) The registered office of Kingston Securities is at Suite 2801, 28th Floor, One IFC, 1 Harbour View Street, Central, Hong Kong.
- (f) The English language text of this document and the accompanying Form(s) of Acceptance shall prevail over their respective Chinese language text.

7. EXPERTS AND CONSENTS

The followings are the names and qualifications of the experts who have given opinion or advice which is contained in this document:

Name	Qualification
Kingston Securities	a licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the SFO
Kingston Corporate Finance	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

Each of Kingston Securities and Kingston Corporate Finance has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of its recommendation or option, as the case may be, and reference to its name, in the form and context in which they are respectively included.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection on the respective websites of the SFC (www.sfc.hk) and the Offeror (www.radiantstate.com) from the date of this offer document until the Closing Date:

- (a) the memorandum and articles of association of the Offeror;
- (b) the letter from Kingston Securities, the text of which is set out on pages 5 to 15 of this document; and
- (c) the written consents referred to in section headed “Experts and Consents” in this appendix to this document.