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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)

UPDATE ON RESUMPTION PROGRESS

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated 13 August 2013, 9 September 2013 and 8 October 2013 respectively (collectively, the “**Announcements**”). Capitalised terms used herein shall have the same meanings as those defined in the Announcements unless the context requires otherwise.

FURTHER RESUMPTION CONDITIONS

As set out in the announcement of the Company dated 8 October 2013, the Company submitted a resumption proposal to the Stock Exchange on 7 October 2013 to address the concerns raised by the Stock Exchange in its letter dated 24 July 2013. The Company has subsequently provided further submissions in respect of the resumption proposal to the Stock Exchange (together, the “**Proposal**”) in response to the Stock Exchange’s further queries in respect of the Proposal. Under the Proposal, the Company, among other things: (i) will reconstitute its Board by replacing the existing directors with new directors with strong qualifications and relevant experience (the “**New Board**”); and (ii) has taken appropriate actions and implemented remedies to maintain adequate internal control procedures.

On 20 February 2014, the Company received a letter from the Stock Exchange informing the Company that, among others, in view of the Stock Exchange’s concerns set out in its letter dated 24 July 2013 (details of which were disclosed in the Company’s announcement dated

13 August 2013) and in the interest of protecting Shareholders and maintaining a fair and orderly market, the Stock Exchange has decided to further impose the following resumption conditions (the “**Further Resumption Conditions**”):

- (a) the New Board to perform appropriate due diligence on the transactions contemplated under: (i) the 2011 Supplemental Agreement (i.e. to acquire the entire interest in the Target Company under VSA-1 in modified terms); and (ii) the management and trademark license agreement dated 8 December 2011 (i.e. to appoint Flying Max Limited as distributor of dairy products) (together the “**Uncompleted Transactions**”) and report its findings, assessment and views to the Stock Exchange and the public; and
- (b) the New Board to procure the Uncompleted Transactions be made subject to prior approval by independent Shareholders.

The due diligence must include at least a verification of the identity and background of the counterparties of the Uncompleted Transactions and their respective relationships with the Company and its connected persons. It must also include a business evaluation of the Uncompleted Transactions, including their terms and commercial merits. The Stock Exchange reserves the right to modify or impose further conditions if future development necessitates.

The Company is currently seeking professional advice in respect of the Further Resumption Conditions. The Company intends to use its best endeavours to work with the Stock Exchange to satisfy the Further Resumption Conditions. Further announcements will be made by the Company to update the Shareholders on the progress of the above conditions and matters as and when appropriate.

CLARIFICATION ON INSIDE INFORMATION WHEN THE COMPANY SUSPENDED TRADING IN ITS SHARES

At the request of the Company, trading in Shares of the Company was suspended with effect from 9:33 a.m. on 7 September 2010 pending release of inside information. Such inside information arose from an anonymous complaint to the Stock Exchange in relation to the conversion of a tranche of Convertible Note A and Convertible Note B into the Company’s Shares between August 2010 to September 2010.

On 25 February 2014, the Company received a letter from the legal representative of Ms. Ng Yat Fung Miranda, a former executive Director and authorised representative of the Company, informing the Company that Ms. Ng was charged by the Independent Commission Against Corruption of Hong Kong with one count of “conspiracy to defraud” relating to the conversion of Convertible Note A and Convertible Note B (the “**Charge**”). The gist of the prosecution allegation was that the Convertible Notes were converted into Shares between 1 August 2010 and 3 September 2010 without the necessary consent from the Board. Ms. Ng pleaded not guilty to the Charge and elected for a preliminary inquiry which commenced at the Eastern Magistrates Court on 7 January 2013. The inquiry was concluded on 13 January 2014 and the court found that there was insufficient evidence to commit Ms. Ng to trial for the Charge. Accordingly the Charge was dismissed and Ms. Ng was unconditionally discharged with costs awarded in favor of Ms. Ng.

SUSPENSION OF TRADING

Trading in the Shares has been suspended since 9:33 a.m. on 7 September 2010 and will remain suspended until further notice. The Company is working with the Stock Exchange to resume trading in the Shares as soon as possible.

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

Hong Kong, 26 March 2014

As at the date of this announcement, the Board comprises four executive directors namely Mr. Wu Nengkun (the chairman and managing director), Mr. Yao Haisheng, Mr. Zhang Hanwen and Ms. Houwen Tan and three independent non-executive directors namely Mr. Wong Wang Tai, Ms. Chan Man Kuen Laura and Mr. Zhang Jianhong.