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DACHAN FOOD (ASIA) LIMITED

大成食品(亞洲)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3999)

DISCLOSEABLE TRANSACTION DISPOSAL OF ASSETS OF A SUBSIDIARY

The Board hereby announces that on 23 May 2018, the Vendor, an indirect wholly owned subsidiary of the Company, entered into the SPA with the Purchaser, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to acquire the Assets which are held under the name of the Vendor at the consideration of RMB22,000,000 (approximately equivalent to HK\$27,280,000).

As one or more of the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in relation to the Disposal are 5% or more but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE DISPOSAL

Date: 23 May 2018 (after trading hours)

Parties: Vendor Great Wall Agri (Yingkou) Co. Ltd.* (大成農牧(營口)有限公司)

Purchaser Dashiqiao Yongan Changming Plantation* (大石橋市永安長明種植園)

To the best of the Directors' knowledge and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are independent of the Company and connected persons of the Company.

THE ASSETS AND ITS FINANCIAL INFORMATION

The Assets to be disposed of by the Vendor to the Purchaser pursuant to the SPA are the Land and building on the Land.

The total book value of the Assets shown in the unaudited accounts of the Vendor as at 30 April 2018 is approximately RMB10,361,548 (approximately equivalent to HK\$12,848,320).

For the year ended 31 December 2016, the net losses before and after taxation attributable to the Assets were both RMB2,944,299 (approximately equivalent to HK\$3,650,931); while for the year ended 31 December 2017, no income was generated from the Assets.

CONSIDERATION AND PAYMENT TERMS

Pursuant to the SPA, the Purchaser shall pay the consideration to the Vendor for the acquisition of the Assets totalling RMB22,000,000 (approximately equivalent to HK\$27,280,000) in a lump sum within three days from the date of execution of the SPA.

BASIS OF DETERMINING THE CONSIDERATION

The consideration for the Assets was determined after arm's length negotiations between the Vendor and the Purchaser, with reference to (i) the book value of the Assets as mentioned above; (ii) the valuation of the Land as at 15 May 2018 conducted by an independent valuer at approximately RMB8,747,000 (approximately equivalent to HK\$10,846,280) as at 18 May 2018; and (iii) the expected expenses incurred in relation to the Disposal.

DELIVERY OF THE ASSETS

Assets Inventories

After the SPA takes effect, the Purchaser and the Vendor shall conduct inventory taking for the Assets. After the completion of inventory taking for all of the Assets and the signing for confirmation by both Parties, the staff of the Purchaser may enter the location of the Assets and jointly manage the Assets with the staff of the Vendor, but the Purchaser shall not claim any right against, dispose of, deal with or use the Assets.

Delivery of the Assets

Within three days after the Purchaser paying all the consideration for the Assets to the Vendor under the SPA and completing the transfer of the Land and building on the Land, the Vendor shall complete the delivery of all Assets to the Purchaser.

GAIN FROM THE DISPOSAL AND USE OF PROCEEDS

Based on the difference between the consideration for the Assets and the book value of the Assets as mentioned above, the Group is expected to realise an unaudited gain of approximately RMB11,638,452 (approximately equivalent to HK\$14,431,680) (before taxation) as a result of the Disposal. The amount of the actual gain or loss as result of the Disposal is subject to audit.

The proceeds from the Disposal will be used as general working capital of the Group for its future business development.

INFORMATION ON THE GROUP AND THE PURCHASER

The Group is a leading fully integrated animal protein provider whose products range from feeds, poultry and advanced nutritional formulas for aquatic animals to processed foods. For more information on the Group, please visit its official website at www.dfa3999.com (information appears in the website does not form part of this announcement).

The Purchaser is an individual business proprietor registered in accordance with the laws of PRC and is principally engaged in fruit trees cultivation and crop planting.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SPA

The Disposal enables the Group to optimise the allocation of its resources and promote its main businesses development. The Directors (including the independent non-executive Directors) are of the view that the provisions of the SPA are fair and reasonable and the Disposal is in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in relation to the Disposal are 5% or more but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Assets”	the assets related to the meat product factory held under the name of the Vendor and to be disposed of pursuant and subject to the terms and conditions of the SPA
“Board”	the board of Directors
“Company”	DaChan Food (Asia) Limited (大成食品(亞洲)有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3999)
“Directors”	the director(s) of the Company (including executive Directors, non-executive Directors and independent non-executive Directors)
“Disposal”	the disposal of the Assets by the Vendor to the Purchaser pursuant and subject to the terms and conditions of the SPA
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Land”	the land which held under the name of the Vendor (land use right certificate Da Shi Qiao Guo Yong 2007 No. 362* (大石橋國用2007第362號))
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	The People’s Republic of China and for the purpose of this announcement excludes Hong Kong, Macao Special Administration Region and Taiwan
“Purchaser”	Dashiqiao Yongan Changming Plantation* (大石橋市永安長明種植園), an individual business proprietor registered in accordance with the laws of PRC
“RMB”	Renminbi, the lawful currency of PRC
“SPA”	the sales and purchase agreement for the Assets* (資產買賣協議) dated 23 May 2018 and entered into between the Vendor and the Purchaser

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“Vendor” Great Wall Agri (Yingkou) Co. Ltd.* (大成農牧(營口)有限公司), a company established in accordance with the laws of PRC and an indirect wholly-owned subsidiary of the Company

For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB1.00 =HK\$1.24 has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such a rate or at any other rates.

*The English transliteration of the Chinese name(s) in this announcement (if any), where indicated with *, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese names.*

On behalf of the Board

Han Jia-Hwan

Chairman

Hong Kong, 23 May 2018

As at the date of this announcement, the Board comprises Mr. Han Jia-Hwan (Chairman) and Mr. Han Chia-Yin as executive Directors, Mr. Han Chia-Yau, Mr. Harn Jia-Chen and Mr. Chao Tien-Shin as non-executive Directors and Mr. Way Yung-Do, Mr. Chen Chih and Mr. Wei Anning as independent non-executive Directors.