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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** about this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in DACHAN FOOD (ASIA) LIMITED, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or the transfer was effected for transmission to the purchaser or transferee.

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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**

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“Board”	the board of Directors
“Company”	DaChan Food (Asia) Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Stock Exchange
“Co-operation Agreement”	the co-operation agreement dated 25 January 2008 entered into between NAC and the PRC Party in relation to the Integrated Production Line Project
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Integrated Production Line Project”	the project to establish integrated production facilities encompassing feed production and meat processing in Cangshan County, Shandong Province, the PRC, pursuant to the Co-operation Agreement
“Latest Practicable Date”	11 February 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“NAC”	Great Wall Northeast Asia Corporation, a company incorporated in the Cayman Islands with limited liability on 3 December 1996 and a wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Project Company”	a wholly foreign owned enterprise to be established by NAC in the PRC to develop the Integrated Production Line Project
“PRC Party”	the People’s Government of Cangshan County, Shandong Province (山東省蒼山縣人民政府), which to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is a third party independent of the Company and connected persons (as defined under the Listing Rules) of the Company

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## DEFINITIONS

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“Prospectus”	the prospectus dated 20 September 2007 issued by the Company in relation to the public offer of shares of the Company and listing of the shares of the Company on the Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

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## LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. HAN Jia-Hwan (*Chairman*)

Mr. CHANG Tiew-Shen

Mr. CHEN Fu-Shih

*Non-executive Directors:*

Mr. HAN Chia-Yau

Mr. HARN Jia-Chen

Mr. CHAO Tien-Shin

Mr. Nicholas W. ROSA

*Independent non-executive Directors:*

Mr. LIU Fuchun

Dr. CHEN Chih

Mr. WAY Yung-Do

*Registered office*

Clifton House

75 Fort Street

George Town

P.O. Box 1350

Grand Cayman KYI-1108

*Principal place of business  
in Hong Kong*

Suite 1806, Tower 1

The Gateway

No. 25 Canton Road

Tsimshatsui, Kowloon

Hong Kong

14 February 2008

*To shareholders of the Company*

Dear Sir or Madam,

### DISCLOSEABLE TRANSACTION

#### INTRODUCTION

It was announced on 25 January 2008 that on 25 January 2008, NAC entered into the Co-operation Agreement with the PRC Party in relation to the Integrated Production Line Project. Pursuant to the Co-operation Agreement, NAC will, through the Project Company establish feed production and meat processing facilities in Cangshan County, Shandong Province, the PRC.

Pursuant to the Co-operation Agreement, the Company is required to establish the Project Company to own and operate the aforesaid production facilities and the registered capital of the Project Company shall be RMB30,000,000 (equivalent to approximately HK\$32,505,174). It is proposed that the total investment of the Project Company would amount to RMB260,000,000 (equivalent to approximately HK\$281,711,506), of which, fixed asset investment shall be RMB208,000,000 (equivalent to approximately HK\$225,369,205).

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## LETTER FROM THE BOARD

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The Integrated Production Line Project contemplates the establishment by the Project Company of one feed mill (with an annual production capacity of 230,000 tonnes) with a view to offering of assistance to the farmers in the locality in constructing standard chicken farms, and one meat processing factory (with an annual production capacity of 60,000 tonnes with future expansion to an additional 130,000 tonnes).

The entering into of the Co-operation Agreement constitutes a discloseable transaction of the Company under the Listing Rules. The purpose of this circular is to provide you with further information of the transactions contemplated under the Co-operation Agreement and other information as required under the Listing Rules.

### PRINCIPAL TERMS OF THE CO-OPERATION AGREEMENT

Date: 25 January 2008

Parties:

1. NAC; and
2. the PRC Party, which to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, is a third party independent of the Company and connected persons (as defined under the Listing Rules) of the Company

Responsibilities of the PRC Party:

1. To be responsible for the confiscation of land (the "**Relevant Land**") necessary for plant(s) to house the production facilities contemplated in the Integrated Production Line Project. It is expected that the confiscation shall be completed by no later than 31 January 2008.
2. To procure the execution of the land use right transfer agreement(s) by the relevant land department and NAC in relation to the Relevant Land and the issue of the land use right certificate(s) related to the Relevant Land, with land use right for not less than 50 years.
3. To provide the necessary assistance to NAC in the construction and design of the Integrated Production Line Project.
4. To provide and support for the Integrated Production Line Project and some preferential treatments, and to offer guidance and coordination in administrative issues to the Project Company.

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## LETTER FROM THE BOARD

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Responsibilities of the  
NAC:

1. To establish the Project Company to develop the Integrated Production Line Project. The registered capital of the Project Company shall be RMB30,000,000 (equivalent to approximately HK\$32,505,174). It is proposed that the total investment of the Project Company would amount to RMB260,000,000 (equivalent to approximately HK\$281,711,506), of which, fixed asset investment shall be RMB208,000,000 (equivalent to approximately HK\$225,369,205), which is arrived at after taking into account the cost of design, construction and operation for the Integrated Production Line Project and arm's length negotiation with the PRC Party on normal commercial terms. Total investment of feed production plant shall be RMB60,000,000 (equivalent to approximately HK\$65,010,348), of which, capital investment shall be RMB30,000,000 (equivalent to approximately HK\$32,505,174). The fund of the construction of the meat production plant shall be provided by a newly established branch of the Group.
2. To be responsible for the construction and design of the Integrated Production Line Project.

Size of land to be occupied:

The Relevant Land shall have a total site area of approximately 260 square acres (approximately 173,334 square meters).

Tentative time table:

Construction works shall begin in January 2008 and is expected to be completed in two years.

### SOURCE OF FUNDING

Pursuant to the Co-operation Agreement, NAC is required to establish the Project Company and the registered capital of the Project Company shall be RMB30,000,000 (equivalent to approximately HK\$32,505,174). It is proposed that the total investment of the Project Company would amount to RMB260,000,000 (equivalent to approximately HK\$281,711,506), of which, fixed asset investment shall be RMB208,000,000 (equivalent to approximately HK\$225,369,205), which is arrived at after taking into account the cost of design, construction and operation for the Integrated Production Line Project and arm's length negotiation with the PRC Party on normal commercial terms. The Directors currently intend that such investment amount shall be funded by part of the proceeds raised from the New Issue (as defined in the Prospectus) earmarked for the purposes of expansion of the production capacity as more particularly disclosed in the section headed "Future plans and use of proceeds" of the Prospectus and where appropriate, also financed by the internal resources of the Group. The Directors confirm that there has not been any change in the proposed use of such proceeds raised from the New Issue.

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## LETTER FROM THE BOARD

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### REASONS FOR THE ENTERING INTO THE CO-OPERATION AGREEMENT

The Group is principally engaged in the manufacturing of feeds, chicken meat production and supply of processed foods.

As disclosed in the Prospectus, the Group aims at expanding its feed, chicken meat and processed food operations concurrently to satisfy the increasing market demands for the Group's products. To replicate the vertically integrated business model of the Group, it is expected that the Group will, among other things, build a total of 3 processed foods production facilities in the PRC by the end of 2010. The Directors are of the view that the Integrated Production Plan Project is a strategic step in the Group's implementing its business plan as, capitalizing on the background and support of the PRC Party, the Integrated Production Plan Project would help to further expand the Group's chicken meat and processed food processing and production operations.

The Directors are of the view that the procurement of Relevant Land by the PRC Party, the People's Government of Cangshan County, pursuant to the Co-operation Agreement is a beneficial treatment for attracting the Group to invest in the relevant county for the further development of the county. In view of such beneficial treatment and given the Group's entire interest in the Project Company, the Directors (including the independent non-executive Directors) consider that the Co-operation Agreement was entered into after arm's length negotiation and on normal commercial terms and the terms of the Co-operation Agreement are fair and reasonable so far as the shareholders of the Company are concerned and are in the interest of the Company and its shareholders as a whole.

The Directors are also of the view that the establishment of the Project Company will not have any immediate effect on the earnings and assets and liabilities of the Group.

### FURTHER INFORMATION

Your attention is drawn to the additional information set out in the Appendix to this circular.

Yours faithfully,  
for and on behalf of the Board  
**Han Jia-Hwan**  
*Chairman*



## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

## 2. DIRECTORS' INTERESTS IN SECURITIES

As at the Latest Practicable Date, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests or short positions which any such Director or chief executive was taken or deemed to have under such provisions of the Securities and Futures Ordinance) or which were required, pursuant to section 352 of Securities and Futures Ordinance, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange were as follows:

<b>Name</b>	<b>Name of company in which interests or short positions were held</b>	<b>Nature of interests</b>	<b>Number of shares</b>
HAN, Chia-Yau	Great Wall Enterprise Co., Ltd.	Beneficial interests	33,506 shares (L)
HARN, Jia-Chen	Great Wall Enterprise Co., Ltd.	Beneficial interests	35,988 shares (L)
CHAO, Tien-Shin	Great Wall Enterprise Co., Ltd. the Company	Beneficial interests Interest of controlled corporation	3,596,555 shares (L) 3,074,000 shares (L)

(L) denotes the long position held in the shares of the respective company.

Save as disclosed above, none of the Directors or chief executive of the Company had, as at the Latest Practicable Date, any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests or short positions which any such Director or chief executive was taken or deemed to have under such provisions of the Securities and Futures Ordinance) or which were required, pursuant to section 352 of Securities and Futures Ordinance, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange.

### 3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors, the persons (other than a Director or chief executive of the Company) who had an interest or short position in the shares of HK\$0.10 each in the capital of the Company (the “Shares”) and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group and the amount of each of such person’s interest in such securities or in any options in respect of such capital were as follows:

<b>Name</b>	<b>Name of company in which interests or short positions were held</b>	<b>Nature of interests</b>	<b>Number of Shares</b>	<b>Approximate %</b>
Waverley Star Limited	The Company	Beneficial interests	375,899,946 (L)	37.19%
Asia Nutrition Technologies Corporation	The Company	Beneficial interests	152,294,906 (L)	15.13%
Great Wall Enterprise Co., Ltd.	The Company	Interests of controlled corporations	528,824,852 (L)	52.32%
Great Wall International (Holdings) Ltd.	The Company	Interests of controlled corporations	528,824,852 (L)	52.32%
Prowell Ventures Pte. Ltd.	The Company	Beneficial interests	59,400,059 (L)	5.88%
Government of Singapore Investment Corporation (Ventures) Pte. Ltd.	The Company	Interests of controlled corporation	59,400,059 (L)	5.88%
GIC Special Investment Pte. Ltd.	The Company	Interests of controlled corporation	59,400,059 (L)	5.88%
Government of Singapore Investment Corp. Pte. Ltd.	The Company	Interests of controlled corporation	59,400,059 (L)	5.88%
Minister of Finance (Incorporated)	The Company	Interests of controlled corporation	59,400,059 (L)	5.88%
Continental Enterprises Ltd.	The Company	Beneficial interests	59,700,029 (L)	5.91%

<b>Name</b>	<b>Name of company in which interests or short positions were held</b>	<b>Nature of interests</b>	<b>Number of Shares</b>	<b>Approximate %</b>
ContiGroup Companies Inc.	The Company	Interests of controlled corporation	59,700,029 (L)	5.91%
Fribourg Grandchildren Family L.P.	The Company	Interests of controlled corporation	59,700,029 (L)	5.91%
Fribourg Enterprises, LLC	The Company	Interests of controlled corporation	59,700,029 (L)	5.91%
Declaration of Trust dated May 31, 1957, for the benefit of Robert Fribourg	The Company	Interests of controlled corporation	59,700,029 (L)	5.91%
Declaration of Trust dated May 31, 1957, for the benefit of Paul Jules Fribourg	The Company	Interests of controlled corporation	59,700,029 (L)	5.91%
Declaration of Trust dated May 31, 1957, for the benefit of Nadine Louise Fribourg	The Company	Interests of controlled corporation	59,700,029 (L)	5.91%
Declaration of Trust dated May 31, 1957, for the benefit of Charles Arthur Fribourg	The Company	Interests of controlled corporation	59,700,029 (L)	5.91%
Trust Agreement Dated September 16, 1963, for the benefit of Caroline Renee Fribourg	The Company	Interests of controlled corporation	59,700,029 (L)	5.91%
Fribourg Charles Arthur	The Company	Trustee	59,700,029 (L)	5.91%
Sosland Morton Irvin	The Company	Trustee	59,700,029 (L)	5.91%
Fribourg Paul Jules	The Company	Trustee	59,700,029 (L)	5.91%

(L) denotes the long position held in the Shares

Save as disclosed herein, so far as was known to the Directors, there was no other person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or in any options in respect of such capital.

#### **4. SERVICE CONTRACT**

As at the Latest Practicable Date, there was no existing or proposed service contract between any of the Directors or proposed Directors and the Company or any member of the Group, excluding contracts which expire or may be terminated by the employer within a year without payment of any compensation (other than statutory compensation).

#### **5. DIRECTORS' INTERESTS IN COMPETING BUSINESS**

To the best knowledge of the Directors, none of the Directors or their respective associates (within the meaning defined in the Listing Rules) has any interests in a business which competes or may compete with the business of the Group.

#### **6. LITIGATION**

As at the Latest Practicable Date, so far as the Directors were aware, no member of the Group was engaged in any litigation or arbitration or claim of material importance and the Directors were not aware of any litigation or claims of material importance pending or threatened against any member of the Group.

#### **7. MISCELLANEOUS**

- (a) The branch share registrar of the Company is Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (b) The secretary of the Company is Ms. Pang Siu Yin, who is admitted as a solicitor in Hong Kong.
- (c) The qualified accountant of the Company is Mr. Wong Hing Keung who is an associate member of Hong Kong Institute of Certified Public Accountants and a fellow member of Association of Chartered Certified Accountants (as required under Rule 3.24 of the Listing Rules).
- (d) The English text of this circular shall prevail over the Chinese text.