
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, 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 or stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



DACHAN FOOD (ASIA) LIMITED

大成食品(亞洲)有限公司

(the “Company”)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3999)

**MAJOR TRANSACTION
CONSTRUCTION AGREEMENT IN RESPECT OF
THE FOOD PROCESSING PLANT**

Unless the context otherwise requires, all capitalised terms used in this circular shall have the meanings as set out in the section headed “Definitions” of this circular.

A letter from the Board is set out on pages 4 to 12 of this circular.

The Company has obtained written Shareholders’ approval for the Construction Agreement and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules from Shareholders who hold more than 50% of the total issued Shares giving the right to attend and vote at a general meeting. Accordingly, no Shareholders’ meeting will be held to approve the Construction Agreement and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules.

This circular is being despatched to the Shareholders for information only.

22 April 2022

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	4
APPENDIX I – FINANCIAL INFORMATION OF THE GROUP	13
APPENDIX II – GENERAL INFORMATION	16

DEFINITIONS

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

“Bengbu Dachan”	Bengbu Dachan Food Co., Ltd.* (蚌埠大成食品有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company;
“Bengbu Project”	the Group’s construction project of a new plant in Guzhen County, Bengbu, Anhui Province of the PRC, which consists of a feeds processing plant, a food processing plant and a broiler electrical slaughterhouse;
“Board”	the board of Directors;
“business day(s)”	days on which the commercial banks in the PRC are generally open for business, other than Saturday, Sunday (except days on which they are open for business due to adjustment of PRC holidays) or any other statutory holidays in the PRC;
“close associate(s)”	has the meaning ascribed to it under the Listing Rules;
“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.HK);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Consideration”	the total consideration to be paid by Bengbu Dachan to the Contractor pursuant to the Construction Agreement, being RMB178,800,000 (equivalent to approximately HK\$219,924,000);
“Construction Agreement”	the agreement dated 6 April 2022 entered into between Bengbu Dachan and the Contractor for the construction of the Works;
“Contractor”	The Fourth Construction Co., Ltd. of China Electronics System Engineering (中國電子系統工程第四建設有限公司), a company established under the laws of the PRC with limited liability;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;

DEFINITIONS

“GWE”	Great Wall Enterprise Co., Ltd., a joint stock company established under the laws of the Republic of China, the shares of which are listed on the Taiwan Stock Exchange Corporation (Stock Code: 1210.TW), and the ultimate controlling shareholder of the Company;
“GWIH”	Great Wall International (Holdings) Ltd., a company established in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of GWE;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Latest Practicable Date”	18 April 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules;
“PRC”	the People’s Republic of China (excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan for the purpose of this circular);
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary” or “subsidiaries”	has the meanings ascribed to it under the Listing Rules;

DEFINITIONS

“Works” construction works of a plant and cold storage facilities of the food processing plant of Bengbu Dachan located in Guzhen County, Bengbu, Anhui Province, the PRC, with a site area of approximately 57,208.90 m²; and

“%” per cent.

LETTER FROM THE BOARD



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. James Chun-Hsien Wei (*Chairman*)

Mr. Han Chia-Yin

Non-executive Directors:

Mr. Han Chia-Yau

Mr. Han Jia-Hwan

Mr. Harn Jia-Chen

Mr. Chao Tien-Shin

Mr. Wei Anning

Independent Non-executive Directors:

Mr. Way Yung-Do

Mr. Chen Chih

Mr. Ting Yu-Shan

Mr. Hsia, Li-Yan

Registered Office:

Windward 3

Regatta Office Park

PO Box 1350

Grand Cayman KY1-1108

Cayman Islands

Principal Place of Business

in Hong Kong:

Suite 1806, Tower 1

The Gateway

25 Canton Road

Tsimshatsui, Kowloon

Hong Kong

22 April 2022

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
CONSTRUCTION AGREEMENT IN RESPECT OF
THE FOOD PROCESSING PLANT**

1. INTRODUCTION

Reference is made to the announcement of the Company dated 6 April 2022 in relation to the Construction Agreement between Bengbu Dachan (an indirect wholly-owned subsidiary of the Company) and the Contractor (the successful bidder), pursuant to which the Contractor will provide construction services for a plant and cold storage facilities of the food processing plant to Bengbu Dachan at the Consideration of RMB178,800,000 (equivalent to approximately HK\$219,924,000).

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, further details of the Construction Agreement and the general information of the Group.

2. THE CONSTRUCTION AGREEMENT

The principal terms of the Construction Agreement are set out below:

Date:	6 April 2022
Parties:	(i) Bengbu Dachan; and (ii) the Contractor.
Subject matter:	The Contractor shall be responsible for the construction works of a plant and cold storage facilities of the food processing plant of Bengbu Dachan located in Guzhen County, Bengbu, Anhui Province, the PRC, with a site area of approximately 57,208.90 m ² .
Construction period:	The Works are expected to be completed within 390 days after the commencement. The commencement date is the relevant date as stated in the commencement order signed by the supervisor.
Consideration:	The Consideration payable to the Contractor pursuant to the Construction Agreement shall be RMB178,800,000 (equivalent to approximately HK\$219,924,000).
Performance guarantee:	<p>The Contractor shall issue a guarantee in favour of Bengbu Dachan for the performance of the Contractor's obligations under the Construction Agreement in an amount of RMB10,000,000 (equivalent to approximately HK\$12,300,000) in the following manner:</p> <p>The Contractor shall, within 7 business days from the date of entering into the Construction Agreement, provide a letter of guarantee to Bengbu Dachan issued by a bank in an amount of RMB10,000,000 (equivalent to approximately HK\$12,300,000) (the "Guarantee Letter A") for a period from the date of issuance of the Guarantee Letter A to the date of the completion of the Works, the comprehensive acceptance of the Works by Bengbu Dachan and the relevant government department, and the filing with the relevant government department for record.</p>
Quality guarantee:	The Contractor shall issue guarantees in favour of Bengbu Dachan in the amount of 3% of the Consideration for the performance of the Contractor's obligations under the Construction Agreement in respect of the quality assurance of the works in the following manner:

LETTER FROM THE BOARD

- (i) the Contractor shall provide Bengbu Dachan with a letter of guarantee issued by a bank in an amount equivalent to 1% of the Consideration (the “**Guarantee Letter B**”) for a period of one year from the date of issuance of the Guarantee Letter B upon the completion of the Works, the comprehensive acceptance of the Works by Bengbu Dachan and the relevant government department, and the filing with the relevant government department for record;
- (ii) the Contractor shall provide Bengbu Dachan with a letter of guarantee issued by a bank in an amount equivalent to 1% of the Consideration (the “**Guarantee Letter C**”) for a period of three years from the date of issuance of the Guarantee Letter C upon the completion of the Works, the comprehensive acceptance of the Works by Bengbu Dachan and the relevant government department, and the filing with the relevant government department for record; and
- (iii) the Contractor shall provide Bengbu Dachan with a letter of guarantee issued by a bank in an amount equivalent to 1% of the Consideration (the “**Guarantee Letter D**”) for a period of five years from the date of issuance of the Guarantee Letter D upon the completion of the Works, the comprehensive acceptance of the Works by Bengbu Dachan and the relevant government department, and the filing with the relevant government department for record.

Payment terms: The Consideration shall be paid by Bengbu Dachan in the following manner:

First instalment

Bengbu Dachan shall pay 5% of the Consideration, being RMB8,940,000 (equivalent to approximately HK\$10,996,200), to the Contractor after entering into the Construction Agreement and the receipt of the Guarantee Letter A by Bengbu Dachan.

Second instalment

Bengbu Dachan shall pay 5% of the Consideration, being RMB8,940,000 (equivalent to approximately HK\$10,996,200), to the Contractor after the commencement of the foundation works of the workshop.

Third instalment

Bengbu Dachan shall pay 10% of the Consideration, being RMB17,880,000 (equivalent to approximately HK\$21,992,400), to the Contractor after the completion of the construction of foundation works of the workshop by the Contractor.

LETTER FROM THE BOARD

Fourth instalment

Bengbu Dachan shall pay 10% of the Consideration, being RMB17,880,000 (equivalent to approximately HK\$21,992,400), to the Contractor after the completion of the construction of the workshop's steel frame by the Contractor.

Fifth instalment

Bengbu Dachan shall pay 10% of the Consideration, being RMB17,880,000 (equivalent to approximately HK\$21,992,400), to the Contractor after the completion of the construction of the workshop's main structure (roof and walls) by the Contractor.

Sixth instalment

Bengbu Dachan shall pay 10% of the Consideration, being RMB17,880,000 (equivalent to approximately HK\$21,992,400), to the Contractor after the satisfaction of conditions for installing equipment in the stereoscopic warehouse.

Seventh instalment

Bengbu Dachan shall pay 15% of the Consideration, being RMB26,820,000 (equivalent to approximately HK\$32,988,600), to the Contractor after the satisfaction of conditions for installing equipment in the workshop and warehouse (including the satisfaction of conditions for installing equipment at equipment foundations, floors, walls and suspended ceilings).

Eighth instalment

Bengbu Dachan shall pay 10% of the Consideration, being RMB17,880,000 (equivalent to approximately HK\$21,992,400), to the Contractor after the completion of all outstanding interior works of the workshop.

Ninth instalment

Bengbu Dachan shall pay 15% of the Consideration, being RMB26,820,000 (equivalent to approximately HK\$32,988,600), to the Contractor after the completion of the Works (including outdoor roads and integrated pipelines).

Tenth instalment

Bengbu Dachan shall pay 7% of the Consideration, being RMB12,516,000 (equivalent to approximately HK\$15,394,680), to the Contractor upon the completion of the Works, the comprehensive acceptance of the Works by Bengbu Dachan and the relevant government department, and the filing with the relevant government department for record.

LETTER FROM THE BOARD

Eleventh instalment

Bengbu Dachan shall pay 3% of the Consideration, being RMB5,364,000 (equivalent to approximately HK\$6,597,720), to the Contractor upon the completion of the Works, the comprehensive acceptance of the Works by Bengbu Dachan and the relevant government department, the filing with the relevant government department for record, and the receipt of the Guarantee Letter B, the Guarantee Letter C and the Guarantee Letter D by Bengbu Dachan.

Prior to the payment of each instalment of the price mentioned above, the Contractor shall issue a legal and proper invoice to Bengbu Dachan for the corresponding amount before each instalment is paid.

Warranty period: During the warranty period, the Contractor shall be responsible for handling quality problems of the Works in a timely manner and in accordance with the Construction Agreement:

- (1) Unless otherwise specified, the warranty period shall be two years from the date of the completion of the Works, the comprehensive acceptance of the Works by Bengbu Dachan and the relevant government department, and the filing with the relevant government department for record.
- (2) The warranty period for foundation works and main structural works shall be the reasonable service life as stipulated in the relevant design documents.
- (3) The warranty period for roofing waterproof works shall be five years from the date of the completion of the Works, the comprehensive acceptance of the Works by Bengbu Dachan and the relevant government department, and the filing with the relevant government department for record.
- (4) The warranty period for heating and air-conditioning works shall be two heating seasons.

Condition precedent: The Construction Agreement is conditional upon the satisfaction of the following condition precedent: the obtaining of written approval of the Shareholders holding 50% or more of the Shares in respect of the Construction Agreement and the transactions contemplated thereunder.

On 6 April 2022, the condition precedent set out above has been fulfilled. For more details, please refer to paragraphs headed “7. Listing Rules Implication” in the letter from the Board of this circular.

LETTER FROM THE BOARD

3. BASIS OF CONSIDERATION

The Consideration was determined based on the tender price provided by the Contractor, and the Construction Agreement was awarded to the Contractor by Bengbu Dachan after the tendering process. Bengbu Dachan has assessed the experience and capability of the Contractor, the expected scope, complexity and expected costs of the Works to be undertaken, and the prevailing market price of construction works with similar scale and complexity. The Directors (including the independent nonexecutive Directors) consider that the Consideration is fair and reasonable.

Apart from the Contractor, there were six other bidders participated in the tender process for the selection of the contractor for the Works. Before the tender process, Bengbu Dachan has sought advice from an independent company on the ceiling price for the bidding of the Works and the prevailing market price of construction work with similar scale and complexity. After four rounds of competitive bidding process and evaluation, the Contractor's tender price was the most favourable and was below the ceiling price for the bidding. The Contractor was selected by Bengbu Dachan upon the assessment as described above.

4. FINANCIAL EFFECTS OF ENTERING INTO THE CONSTRUCTION AGREEMENT

The Consideration is RMB178.8 million (equivalent to approximately HK\$219,924,000). The plant and cold storage facilities of the food processing plant to be constructed pursuant to the Construction Agreement will be used for food production of the Group. The Consideration will be satisfied by the Group's internal resources and available banking facilities. The Company considers that there will not be any material effect on the earnings of the Group immediately after the execution of the Construction Agreement. Since the Consideration is expected to be funded by the Group's internal resources and available banking facilities, after full payment of the Consideration, the cash and cash equivalents of the Group will decrease, while the property, plant and equipment and the interest bearing borrowings of the Group will increase. However, the net assets of the Group will have no significant change.

5. REASONS FOR AND BENEFITS OF ENTERING INTO THE CONSTRUCTION AGREEMENT

As set out in the circular headed "Major and Connected Transaction – Disposal of Equity Interests in Certain Subsidiaries and Notice of EGM" dated 24 September 2021 and announcement of results dated 5 November 2021 of the Company, the Bengbu Project (including the construction of a feeds processing plant, a food processing plant and a broiler electrical slaughterhouse) is in progress.

The Group has commenced the construction of the feeds processing plant and purchased equipment for it, the details of which were set out in the announcement dated 13 January 2022, the supplemental announcement dated 14 January 2022 and the announcement dated 25 February 2022 of the Company.

LETTER FROM THE BOARD

The construction works disclosed in this circular are part of the Bengbu Project. The Group will construct a food processing plant pursuant to the Construction Agreement.

As for the broiler electrical slaughterhouse, the Group is still in the progress of arranging for a tender.

Subject to force majeure event such as transport delay and shortage of construction materials under COVID-19 impact, it is expected that the feeds processing plant, the food processing plant and the broiler electrical slaughterhouse of the Bengbu Project will be put into operation in or around March 2023, May 2023 and June 2023 respectively and products to be processed in the facilities of the Bengbu Project will include broiler feeds, prepared meat, ready-to-cook and ready-to-eat prepared foods, instant food suitable for storage at room temperature and fresh chicken meat.

The Bengbu Project is an important part for the expansion of the Group's one-stop food production chain and is in line with the Group's long-term development strategy. The completion of the Bengbu Project will help establish a stable and efficient supply chain system for the long-term development of the Group's food business and further strengthen the Group's market position in the Yangtze River Delta region of the PRC.

6. INFORMATION ON THE GROUP AND THE CONTRACTOR

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

The Contractor is principally engaged in, among others, general contracting for construction works, professional contracting, design, construction and installation of power facilities. According to the information available to the Company, the Contractor was indirectly held by Shenzhen Sed Industry Co., Ltd. (whose A shares are listed on the main board of the Shenzhen Stock Exchange, stock code: 000032.SZ) and Wuxi Taiji Industry Co., Ltd. (whose A shares are listed on the main board of the Shanghai Stock Exchange, stock code: 600667.SH), being intermediaries of the Contractor, as to approximately 49.33% and 19.94% of the interests in the Contractor, respectively. The remaining approximately 30.73% of the interests in the Contractor were directly or indirectly held by certain intermediaries with over 60 individual ultimate beneficial owners, among which, Wan Tongliang, Liu Qianhui, Chen Jinggang and Cui Yuling, being individuals with highest shareholdings, ultimately held as to approximately 7.99%, 4.92%, 3.19% and 3.04% of the interests in the Contractor.

LETTER FROM THE BOARD

Further, according to the information available to the Company, the Contractor is not related to other contractors or suppliers involved in the construction of the Bengbu Project, including the contractor as disclosed in the Company's announcement dated 13 January 2022 (i.e. Suhua Construction Group Co., Ltd.* (蘇華建設集團有限公司), a company established under the laws of the PRC) and the supplier as disclosed in the Company's announcement dated 25 February 2022 (i.e. Famsun Co., Ltd.* (江蘇豐尚智能科技有限公司), a company established under the laws of the PRC).

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

7. LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios in respect of the transaction contemplated under the Construction Agreement is more than 25% but less than 100%, the transaction contemplated under the Construction Agreement constitutes a major transaction of the Company and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, none of the Shareholders has a material interest in the transaction contemplated under the Construction Agreement. As such, no Shareholder is required to abstain from voting if an extraordinary general meeting were convened for the approval of the Construction Agreement. The Company has obtained written approval in respect of the Construction Agreement from the Shareholders Waverley Star Limited and Asia Nutrition Technologies Corporation. Such Shareholders are beneficially interested in 528,824,852 Shares in aggregate, representing approximately 52.04% of the entire issued share capital and voting rights of the Company as at the Latest Practicable Date. Each of the above Shareholders is a wholly-owned subsidiary of GWIH, which is a wholly-owned subsidiary of GWE, as at the Latest Practicable Date. Therefore, as permitted under Rule 14.44 of the Listing Rules, no extraordinary general meeting will be convened for the approval of the Construction Agreement.

8. RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that while the entering into of the Construction Agreement is not in the ordinary and usual course of business of the Group, the Construction Agreement was entered into upon normal commercial terms following arm's length negotiations between the parties and that the terms of the Construction Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. If a general meeting were to be convened for the approval of the Construction Agreement, the Board would recommend the Shareholders to vote in favour of the resolution to approve the Construction Agreement and the transaction contemplated thereunder at such general meeting.

LETTER FROM THE BOARD

9. ADDITIONAL INFORMATION

Your attention is drawn to the financial and general information as set out in the appendices to this circular.

Yours faithfully,
By order of the Board
DaChan Food (Asia) Limited
James Chun-Hsien Wei
Chairman

For the purpose of this circular, unless otherwise indicated, the exchange rate of RMB1.00 =HK\$1.23 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 circular (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.*

1. FINANCIAL INFORMATION OF THE COMPANY

Details of the financial information of the Group for the three financial years ended 31 December 2019, 31 December 2020 and 31 December 2021 have been set out in the following documents respectively:

- (a) the annual report of the Company for the year ended 31 December 2019 from pages 109 to 284 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0424/2020042400779.pdf>);
- (b) the annual report of the Company for the year ended 31 December 2020 from pages 114 to 272 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0423/2021042300631.pdf>); and
- (c) the announcement of the Company headed “Announcement of Annual Results for 2021” dated 23 March 2022 from pages 1 to 15 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0324/2022032400007.pdf>).

2. INDEBTEDNESS OF THE GROUP

As at the close of business on 28 February 2022, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the Group had unguaranteed and unsecured interest bearing borrowings of approximately RMB372.7 million and lease liabilities of approximately RMB32.3 million.

Save as disclosed above, apart from intra-group liabilities, normal trade payables and other payables, as at 28 February 2022, the Group did not have any other debt securities, term loans, other borrowings or indebtedness in the nature of borrowings whether issued and outstanding, or authorised or otherwise created but unissued, including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptable credits, hire purchase commitments, guaranteed, unguaranteed, secured or unsecured debts and borrowings, mortgages, charges, contingent liabilities or guarantees.

3. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up.

4. WORKING CAPITAL SUFFICIENCY OF THE GROUP

The Directors, after due and careful enquiry, are of the opinion that, after taking into account the Group’s internal resources and the available banking facilities, and the effects of entering into the Construction Agreement, the working capital available to the Group is sufficient for the Group’s requirements for at least the next 12 months from the date of this circular. The Group has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Group principally operates its business through three segments. The livestock feeds segment manufactures and distributes complete feeds, base mix feeds and pre-mix feeds for swine, layer, broiler, duck, and breeder poultry under the brands of “Dr. Nupak”, “DaChan” and “Green Knight”. The processed foods segment processes meat (mainly chicken meat) into further processed or instant food (half-cooked/fully cooked) products for production and distribution. The meat products segment carries on business of broiler farming, hatching of broiler breeder eggs, contract farming, processing and marketing of chilled and frozen chicken meat marketed under the brands of “DaChan” and “Sisters’ Kitchen”.

For the livestock feeds segment, the Group will continue to pursue the following strategies: (i) to take advantage of the fermentation technology for intestinal pre-digestion in biotechnology and to focus on marketing activities for sow and piglet functional feeds products; (ii) to devote more efforts in the research and development of poultry feeds, ruminant feeds and niche market products such as donkey feeds and meat goose feeds and build up our core competitiveness in poultry feeds and ruminant feeds; (iii) to select valued customers and offer them products, technical and service support so as to enhance their loyalty and contribution to the Group; and (iv) to strengthen the management of bulk raw materials procurement systems to create raw material cost advantages.

For processed foods segment, the Group will continue (i) to concentrate resources on product research and development in the professional catering market, improve product competitiveness, and create a series of competitive products; (ii) to develop the market and increase the market share; (iii) to optimize the channel structure and continuously improve the performance of the sales team; (iv) to provide a full range of services to important customers, to form strategic alliances with them for achieving mutual growth; (v) to continue to apply the edges in R&D resources for Japanese products to solicit customers in Singapore, Hong Kong and other regions, so as to diversify export market risks; (vi) to combine online sales with offline sales so as to build a brand advantage in the retail consumer market; and (vii) to further promote digital transformation and improve supply chain operation efficiency.

In order to strengthen the Group’s leading position in the production and sales in the PRC of the domestic chicken meat processing food product, satisfy the production capacity needs of the food segment’s development in medium and long-term, while achieving the long-term plan for the coordinated development of raw and cooked food in East China region and enhancing the core competitiveness of the one-stop supply chain, the Group is in the progress of building a new food processing plant with a monthly production capacity of approximately 4,000 tons and a feeds processing plant, and will further build a broiler electrical slaughterhouse for the Bengbu Project. The investment of the Bengbu Project is approximately RMB1.05 billion, and the first phase is expected to be completed and put into operation in the first quarter of 2023.

The meat segment will continue to adhere to and implement the operating strategy of “eliminating risk” in future, particular measures of which include: (i) to achieve the provision of around 50% of the day-old chicks by broiler self-breeding farms and cooperative farms, and to sign strategic cooperation supply contracts with external broiler farms for the remaining around 50% of the day-old chicks depending on the market price trend, through which we will be able to diversify the market risk while ensuring the quality of day-old chicks; (ii) to persistently improve the performance of contract feeds, strengthen animal protection immunization and epidemic prevention services, assist farmers to strengthen the rearing and breeding management, reduce the rearing and breeding costs, and improve the rearing and breeding performance; (iii) to continue promoting automation projects for equipment in the electrical slaughterhouses; and (iv) to continue increasing the proportion of converting the Group’s chicken meat to prepared foods and deeply processed foods products and eliminate the market risk when the meat market is on decline, etc.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (as defined under the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

(a) Interest in the Company – long positions

Name of the Directors	Type of interest	Number of the Shares held	Approximate percentage of issued share capital of the Company (Note 1)
James Chun-Hsien Wei	Beneficial owner	22,000	0.002%
Han Chia Yin (Note 2)	Beneficial owner/ Interests of spouse	582,000	0.057%
Han Jia-Hwan	Beneficial owner	344,000	0.034%
Chao Tien-Shin (Note 3)	Beneficial owner/ Interests jointly held with spouse	3,834,000	0.377%
Chen Chih	Beneficial owner	300,000	0.030%
Way Yung-Do	Beneficial owner	355,000	0.035%

Note:

- As at the Latest Practicable Date, the total number of the issued Shares was 1,016,189,000.
- Mr. Han Chia-Yin held 382,000 Shares and was also deemed to be interested in 200,000 Shares held by his spouse by virtue of section 344 of the SFO.
- Mr. Chao Tien-Shin held 3,534,000 Shares and was also deemed to be interested in 300,000 Shares jointly held by Mr. Chao and his spouse by virtue of section 344 of the SFO.

(b) Interest in associated corporation of the Company – long positions

Name of the Directors	Name of associated corporation	Type of interest	Number of shares held	Approximate percentage of issued share capital of associated corporation (Note 1)
Han Chia-Yau	GWE	Beneficial owner	64,222	0.008%
Chao Tien-Shin (Note 2)	GWE	Interests of spouse	11,852,234	1.391%

Note:

1. As at the Latest Practicable Date, the total number of the issued shares of GWE was 852,159,259.
2. Mr. Chao Tien-Shin is deemed to be interested in 11,852,234 shares of GWE held by CTS Investment Corporation which is controlled by his spouse.

Save as disclosed in this paragraph 2, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporation which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS' INTEREST

As at the Latest Practicable Date, so far as was known to any Directors or chief executive of the Company, the following persons (not being a Director or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

(a) Interest in the Company – long positions

Name of the Shareholder (<i>Note 1</i>)	Type of interest	Number of the Shares held	Approximate percentage of issued share capital of the Company (<i>Note 2</i>)
Waverley Star Limited	Beneficial interests	375,899,946	36.99%
Asia Nutrition Technologies Corporation	Beneficial interests	152,924,906	15.05%
GWIH	Interests of controlled corporation	528,824,852 (<i>Note 3</i>)	52.04%
GWE	Interests of controlled corporation	528,824,852 (<i>Note 3</i>)	52.04%
Hansen, Inc.	Beneficial interests	67,424,954	6.63%
Sun Hui Ying	Beneficial interests	50,978,000	5.02%

Note:

1. The following Directors are directors/employees of a company which had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:
 - (a) Mr. Han Chia-Yin is a director of GWE;
 - (b) Mr. Han Chia-Yau is a director and the chairman of the board of the directors of GWE;
 - (c) Mr. Harn Jia-Chen is a director and the vice chairman of GWE;
 - (d) Mr. Chao Tien-Shin is a director of GWE; and
 - (e) Mr. Ting Yu-Shan is an independent director and the chairman of the audit committee and the remuneration committee of GWE.
2. As at the Latest Practicable Date, the total number of the issued Shares was 1,016,189,000.

3. The Shares are registered in the name of Waverley Star Limited and Asia Nutrition Technologies Corporation, each of which is a wholly-owned subsidiary of GWIH, which, in turn, is a wholly-owned subsidiary of GWE. Under the SFO, both GWIH and GWE are deemed to be interested in all the shares held by Waverley Star Limited and Asia Nutrition Technologies Corporation.

(b) Interest in subsidiaries of the Company

As at the Latest Practicable Date, so far as was known to any Directors or chief executive of the Company, the following persons (not being a Director or chief executive of the Company) were, directly or indirectly, interested in 10% or more of the issued voting shares of any subsidiary of the Company:

Name of subsidiary of the Company	Name of substantial shareholder	Approximate percentage of shareholding
Great Wall Dalian Investment Co., Ltd.* (大成大連投資有限公司)	Marubeni Corporation (丸紅株式會社)	40%
DaChan Livestock Development Co., Ltd.* (孟村回族自治縣大成畜牧開發有限公司)	Mengcun Hui Autonomous County Construction Investment Co., Ltd.* (孟村回族自治 縣城市建設投資 有限公司)	60%
Taixu & DaChan Foods Holdings Co., Limited (台畜大成食品控股有限公司)	Taiwan Farm Holding Co., Ltd.	38.46%
Taixu & Dachan Foods Co., Limited* (台畜大成食品有限公司)	CAI Cathay Ltd.	15%
Tianjin Chao Cheng Food Trade Co., Ltd.* (天津朝成食品貿易有限公司)	Xiamen Fonshinn Bio-Tec Inc.* (廈門 風時新生物科技 有限公司)	45%

* *The English translation of the company names is for reference only. The official names of these companies are in Chinese.*

Save as disclosed in this paragraph 3, there is no person (not being a Director or chief executive of the Company) known to the Directors and chief executive of the Company, who, as at the Latest Practicable Date, had, or were deemed or taken to have interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, were, directly or indirectly, interested in 10% or more of the issued voting shares of any subsidiary of the Company.

4. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) had been entered into by the members of the Group within two years immediately preceding the Latest Practicable Date and are, or may be, material:

- (a) the disposal agreement entered into between Great Wall Northeast Asia Corporation (“NAC”), a direct wholly-owned subsidiary of the Company, as the vendor and GWIH as the purchaser dated 26 August 2021 in relation to the disposal of (i) approximately 65.51% of the total issued shares of Asia Nutrition Technologies (VN) Investment Co., Ltd., an indirect non-wholly-owned subsidiary of the Company (as it then was), and (ii) 100% of the total issued shares of Marksville Corporation, an indirect wholly-owned subsidiary of the Company (as it then was) for the consideration of RMB370.0 million, details of which were set out in the announcement of the Company dated 26 August 2021 and the circular of the Company dated 24 September 2021;
- (b) the construction agreement dated 13 January 2022 entered into between Bengbu Dachan and Suhua Construction Group Co., Ltd.* pursuant to which Suhua Construction Group Co., Ltd.* will provide construction services to Bengbu Dachan in relation to the feeds processing plant of the Bengbu Project for the consideration of RMB82,000,000, details of which were set out in the announcement of the Company dated 13 January 2022 and the supplemental announcement of the Company dated 14 January 2022;
- (c) the purchase agreement entered into between Bengbu Dachan as the purchaser and Famsun Co., Ltd.* as the supplier dated 25 February 2022 in relation to the purchase of feed production equipment and other equipment for the feeds processing plant for the Bengbu Project for the consideration of RMB64,300,000, details of which were set out in the announcement of the Company dated 25 February 2022; and
- (d) the Construction Agreement.

5. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which is not expiring or determinable by the Group within one year without payment of compensation other than statutory compensation.

6. DIRECTORS’ INTEREST IN ASSETS OR CONTRACTS

As at the Latest Practicable Date, none of the Directors (i) had any interest in any assets which have been, since 31 December 2021 (being the date up to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or

leased to any member of the Group and (ii) was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting and significant in relation to the business of the Group.

7. COMPETING INTERESTS

As at the Latest Practicable Date, the Directors were not aware that any of them or his/her/its respective close associates had interests in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group which would fall to be disclosable under the Listing Rules.

8. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

9. MISCELLANEOUS

- (a) The registered office of the Company is situated at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.
- (b) The principal place of business in Hong Kong is at Suite 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong.
- (c) The Company's branch share registrar in Hong Kong is Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The secretary of the Company is Ms. Cho Yi Ping, a practising solicitor of Hong Kong.
- (e) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Group (www.dfa3999.com) from the date of this circular up to and including the 14th day thereafter:

- (a) the material contracts referred to in the paragraph headed "4. Material Contracts" in this appendix.