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DACHAN FOOD (ASIA) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3999)

CLARIFICATION ANNOUNCEMENT

Reference is made to the announcement of the Company dated 19 May 2011 in respect of the acquisition of additional 30% equity interests in Yanzhou Dachan Food Co., Ltd.

Further information is provided herein in respect of the said transaction.

BASIS OF CONSIDERATION

Reference is made to the announcement of the Company dated 19 May 2011 (the “Announcement”) in respect of the acquisition of additional 30% equity interests in Yanzhou Dachan Food Co., Ltd. The Board wishes to provide further information in respect of the said transaction.

Terms used herein in respect of the said transaction shall have the same meaning as defined in the Announcement.

The consideration for the acquisition of the JV Company payable by Tianjin DaChan to the Vendor under the Business Transfer Agreement was determined after arm’s length negotiation between the Vendor and Tianjin DaChan with reference to (a) the net asset value of the JV Company as at 31 December 2010 in the sum of not less than RMB39,451,000 (equivalent to HK\$46,947,000); (b) the earning potential of the JV Company taking into account (i) the expected rise in sales brought by the full integration of business of the JV Company and the Group and (ii) the Company’s endeavour to improve management efficiency of the JV Company, which enables the JV Company to develop more products in line with the market trend.

The consideration is payable by DaChan Tianjin to the designated account of the Vendor within 5 business days from the date when the board approval of both the purchaser and the vendor are obtained. The consideration will be financed by internal resources of the Group.

GENERAL

The Board wishes to confirm that no Director has any material interest in the said transaction and therefore none of them is required to abstain from voting on the board resolution for approving the said transaction.

The above mentioned does not affect any other information contained in the Announcement.

Unless otherwise specified in this announcement and for the purpose of illustration only, RMB is translated to HK\$ at the rate of RMB1.00 = HK\$1.19. No representation is made that any amounts in RMB have been or could be converted at the above rate or at any other rates.

By order of the Board

Han Jia-Hwan

Chairman

Hong Kong, 23 May 2011

As at the date of this announcement, Mr. Han Jia-Hwan (Chairman), Mr. Chen Fu-Shih and Mr. Shu Edward Cho-Shen are the executive Directors, Mr. Han Chia-Yau, Mr. Harn Jia-Chen, Mr. Nicholas William Rosa and Mr. Chao Tien-Shin are the non-executive Directors, and Mr. Way Yung-Do, Mr. Liu Fuchun and Dr. Chen Chih are the independent non-executive Directors.