
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 and proxy form enclosed herein 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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3999)

**(1) VARIOUS CONTINUING CONNECTED TRANSACTIONS AND
RENEWAL OF VARIOUS CONTINUING CONNECTED TRANSACTIONS**

**(2) REVISION OF ANNUAL CAPS FOR
CONTINUING CONNECTED TRANSACTIONS**

(3) PROPOSED VARIATION DEED

**(4) DISCLOSEABLE AND CONNECTED TRANSACTION – POSSIBLE
INVESTMENT IN 15-20% EQUITY INTEREST IN
A JOINT VENTURE COMPANY IN PRC**

**Independent financial adviser to the Independent Board Committee
and the Independent Shareholders**



REORIENT Financial Markets Limited

A letter from the Board is set out on pages 10 to 45 of this circular.

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 46 to 47 of this circular. A letter from REORIENT Financial Markets Limited, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 48 to 81 of this circular.

A notice convening the EGM of DaChan Food (Asia) Limited to be held at 2 p.m. on 18 December 2012, Tuesday at Xiamen Suite 1-11, 3/F Prince Hotel, Harbour City, Kowloon, Hong Kong is set out on pages 89 to 92 of this circular.

Whether or not you are able to attend the EGM, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrars in Hong Kong, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

3 December 2012

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	10
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	46
LETTER FROM REORIENT	48
APPENDIX I – GENERAL INFORMATION	82
NOTICE OF EGM	89

DEFINITIONS

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

“Acquisition Agreement”	the equity interest transfer agreement to be entered between GWFT and DWT in relation to the Acquisition after the Agreement Conditions are fulfilled;
“Acquisition”	the acquisition of the Relevant Equity Interest by DWT from GWFT pursuant to the Letter of Intent and the Acquisition Agreement;
“Agreement Conditions”	conditions precedent to the execution of the Acquisition Agreement as set out in the Letter of Intent, details of which are set out in the item “ Agreement Conditions and Execution Date of the Acquisition Agreement ” headed “ THE ACQUISITION ” below;
“Announcements”	the announcements of the Company dated 6 November 2012 relating to (i) various continuing connected transactions, renewal of various continuing connected transactions, revision of annual caps for continuing connected transactions and proposed Variation Deed; and (ii) possible investment in 15-20% Equity Interest in a joint venture company in PRC respectively;
“Approval”	the necessary approval of Independent Shareholders as required by the Listing Rules in relation to the Investment, the entering into of the Transaction Agreements and the transaction contemplated thereunder;
“Aquafeed Business”	means the development, production and sales of aquafeed products;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“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 Main Board of the Stock Exchange (Stock Code: 3999);
“Compensation”	the amount to be received by GWFT from the PRC government for the resumption of the Project Land and the demolition of the wheat flour plant thereon. The exact amount is not yet confirmed as at the Latest Practicable Date;

DEFINITIONS

“Compensation Distribution”	the balance of Compensation in excess of RMB5,000,000 (equivalent to about HK\$6,150,000) per mu after deducting the set-up expenses for the Target Company incurred by GWFT and other amount as set out in the Letter of Intent, which said balance will be distributed among Direct Investor(s), DWT and HK Co;
“Completion”	the completion of the Acquisition Agreement;
“Completion Conditions”	the conditions precedent to Completion as set out in the Acquisition Agreement, details of which are set out in the item “Completion Conditions” headed “THE ACQUISITION” below;
“Completion Date”	the fifth Business Day after all condition precedents under the Acquisition Agreement are fulfilled;
“connected person(s)”	has the meanings ascribed to it under the Listing Rules;
“Consideration”	the amount of registered capital of the Target Company contributed by GWFT on or before the Completion Date in respect of the Relevant Equity Interest;
“Contribution”	the sum contributed by GWFT as the registered capital in respect of the Relevant Equity Interest and the Deposit paid by GWFT in respect of the Relevant Equity Interest which has not been converted into the registered capital of such Equity Interest;
“Deposit”	the deposit payable by Direct Investor(s), HK Co and (as applicable) DWT to Tianjin Land Exchange Center in accordance with the Joint Venture Agreement A or Joint Venture Agreement B;
“Designated Account(s)”	the designated account(s) to be opened by each of GWFT and DWT separately in the PRC, with a person nominated by GWFT as the sole authorised signatory and for the exclusive purposes of holding the Deposit and the contribution paid by them in relation to the Equity Interest held by each of them respectively;
“Direct Investment”	the direct investment by DWT to the Target Company as the initial investor of the Relevant Equity Interest;
“Direct Investor(s)”	investor(s) who directly invest in the Target Company (including GWFT but excluding DWT and HK Co);
“Director(s)”	the director(s) of the Company;

DEFINITIONS

“DWT”	大成萬達(天津)有限公司 (Dachan Wanda (Tianjin) Company Limited [#]), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve the Revised Annual Cap and the Non-Exempt Transactions and the proposed annual caps therefor and the Investment, the entering into of the Transaction Agreements and the transaction contemplated thereunder;
“Equity Interest”	all rights (including but not limited to the right to receive dividend and other distribution, participate in major decisions and select management as being entitled under the PRC law) of the registered owners of the Target Company against the Target Company in the entire paid-up and unpaid registered capital of the Target Company and all obligations incidental thereto;
“First Variation Deed”	the variation deed executed by the Company and Great Wall Enterprise to supplement the Non-Competition Deed on 25 June 2010;
“Framework Agreement A”	the framework agreement to be entered into among all Investors and HK Co in relation to the Project before the Company obtains the Approval;
“Framework Agreement B”	the framework agreement to be entered into among all Investors, DWT and HK Co in relation to the Project after the Company obtains the Approval;
“Great Wall Enterprise”	Great Wall Enterprise Co., Ltd. (大成長城企業股份有限公司), an enterprise established under the laws of Taiwan, whose shares are listed on the Taiwan Stock Exchange (stock code: 1210);
“Group”	the Company and its subsidiaries;
“GWE Group”	Great Wall Enterprise and its subsidiaries (excluding members comprising the Group for the purpose of this announcement);
“GWFT”	大成食品(天津)有限公司 (Great Wall Food (Tianjin) Company Limited [#]), a limited liability company established in the PRC and owned as to 72.4% indirectly by Great Wall Enterprise;

DEFINITIONS

“GW Master Purchase (Renewal) Agreement”	the master supply (renewal) agreement dated 23 November 2009 entered into between Great Wall Enterprise and the Company;
“GW Master Purchase Agreement (2012)”	the master purchase agreement dated 6 November 2012 entered into between Great Wall Enterprise and the Company;
“GW Master Supply (Renewal) Agreement”	the master supply (renewal) agreement dated 23 November 2009 entered into between the Company and Great Wall Enterprise;
“GW Master Supply Agreement (2012)”	the master supply agreement dated 6 November 2012 entered into between the Company and Great Wall Enterprise;
“GW Trademarks Licence (Renewal) Deed “	the trademarks licence (renewal) deed dated 23 November 2009 entered into between Great Wall Enterprise and the Company;
“Hansen Inc.”	Hansen Inc., a company incorporated in the British Virgin Islands with limited liability;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“HK Co”	a company incorporated in Hong Kong with limited liability as an investment vehicle of Indirect Investors in relation to the Project but is owned by Hansen Inc. as at the Latest Practicable Date;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors established for the purpose of reviewing the Non-Exempt Transactions and the proposed annual caps thereof, the Revised Annual Cap, the proposed Variation Deed, the Investment, the Transaction Agreements and the transaction contemplated thereunder;

DEFINITIONS

“Independent Shareholders”	in respect of (a) the transactions under the GW Master Supply Agreement (2012) and the GW Master Purchase Agreement (2012), Shareholders other than Great Wall Enterprise and its associates; in respect of (b) the transactions under the MB Master Supply (Renewal 2012) Agreement and the MB Master Purchase (Renewal 2012) Agreement, Shareholders other than Marubeni Corporation and its associates; in respect of (c) the proposed Variation Deed, Shareholders other than Great Wall Enterprise and its associates; in respect of (d) the transactions contemplated under the Letter of Intent and the Transaction Agreements, Shareholders other than Great Wall Enterprise, Mr. Han Jia-Hwan, Mr. Han Chia-Yin, Mr. Han Chia-Yau, Mr. Harn Jia-Chen and their respective associates;
“Independent Third Party(ies)”	third party(ies) that is not connected to any Director, chief executive or substantial shareholder of the Company or any of its subsidiaries or an associate of any of them as defined in the Listing Rules;
“Indirect Investors”	investors who indirectly invest in the Target Company through the HK Co;
“Investment”	the Acquisition or the Direct Investment by DWT;
“Investor(s)”	Direct Investor(s) and/or Indirect Investor(s);
“Joint Venture Agreement A”	the joint venture agreement to be entered into among the Direct Investors and the HK Co in relation to the Target Company before the Company obtains the Approval;
“Joint Venture Agreement B”	the joint venture agreement to be entered into among the Direct Investors, DWT and the HK Co in relation to the Target Company after the Company obtains the Approval;
“Land Bid”	the bid for the Project Land arranged by Tianjin Land Exchange Center;
“Latest Practicable Date”	28 November 2012, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular;

DEFINITIONS

“Letter of Intent”	the letter of intent dated 6 November 2012 entered into by GWFT, DWT and the Company in relation to the Investment;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	30 June 2013 (or a later date as agreed by the parties to the Acquisition Agreement in writing);
“Marubeni Corporation”	Marubeni Corporation, a company incorporated in Japan with limited liability whose shares are listed on Tokyo Stock Exchange Group, Inc.;
“Marubeni Group”	Marubeni Corporation and its subsidiaries;
“Marubeni PRC”	Marubeni (China) Co., Ltd. (丸紅(中國)有限公司), a company incorporated in the PRC with limited liability and a subsidiary of Marubeni Corporation;
“Maximum Consideration”	RMB130,000,000 (equivalent to about HK\$159,900,000), being the maximum amount of Consideration under the Acquisition Agreement;
“Maximum Contribution”	RMB130,000,000 (equivalent to about HK\$159,900,000), being the maximum amount of registered capital of the Target Company to be contributed by DWT under the Letter of Intent;
“MB Master Purchase (Renewal) Agreement”	the master purchase (renewal) agreement dated 23 November 2009 entered into between Marubeni PRC and the Company;
“MB Master Purchase (Renewal 2012) Agreement”	the master purchase (renewal) agreement dated 6 November 2012 entered into between Marubeni PRC and the Company in order to extend the MB Master Purchase (Renewal) Agreement on substantially the same terms;
“MB Master Supply (Renewal) Agreement”	the master supply (renewal) agreement dated 23 November 2009 entered into between the Company and Marubeni Corporation;
“MB Master Supply (Renewal 2012) Agreement”	the master supply agreement dated 6 November 2012 entered into between the Company and Marubeni Corporation in order to extend the MB Master Supply (Renewal) Agreement on substantially the same terms;

DEFINITIONS

“mu”	a measurement for the area of land which is equivalent to approximately 667 square metres;
“Non-Competition Deed”	the deed of non-competition executed by Great Wall Enterprise and the Company 14 September 2007;
“Non-Exempt Transactions”	the transactions under the GW Master Supply Agreement (2012), GW Master Purchase Agreement (2012), the MB Master Supply (Renewal 2012) Agreement and the MB Master Purchase (Renewal 2012) Agreement;
“Other Investors”	all Indirect Investors;
“Other Indirect Investors”	Indirect Investors other than Hansen Inc.;
“Parties”	parties to the Letter of Intent, i.e. GWFT, DWT and the Company;
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purposes of this circular;
“Project Agreements”	Framework Agreement A and Joint Venture Agreement A;
“Project”	an investment project in Tianjin of the PRC tentatively named as “Taiwanese Merchant Headquarter Base and Taiwanese Club” for the development and construction of residential and business premises on the Project Land occupying approximately 24,300 square metres and having the gross floor area of about 100,000 square metres;
“Project Land”	a piece of land located in 8 Xiangtan Road, Hongqiao District, Tianjin, the PRC, the land use right of which is currently owned by GWFT;
“Relevant Equity Interest”	at least 15% and at most 20% of the Equity Interest as chosen by DWT. In case of Acquisition, the said equity interest will be acquired from GWFT; whilst in case of Direct Investment, the said equity interest will be acquired directly from the Target Company;
“REORIENT”	REORIENT Financial Markets Limited;
“Revised Project Agreements”	Framework Agreement B and Joint Venture Agreement B;

DEFINITIONS

“RMB”	Renminbi, the lawful currency of the PRC;
“Restricted Business”	means any business carried by the Group as at the date of the Non-Competition Deed;
“Restricted Territory”	means any part of the world (other than the region of Taiwan) in which the Group carries out the Restricted Business as at the date of the Non-Competition Deed;
“Revised Annual Cap”	the revised annual cap for the year ending 31 December 2012 for the transactions contemplated under the MB Master Supply (Renewal) Agreement RMB300,000,000(equivalent to USD47,431,580);
“Shareholders”	holders of share(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	a limited liability company to be established in the PRC pursuant to the Joint Venture Agreement A or Joint Venture Agreement B, tentatively named as 天津達成興業房地產開發有限公司 (Tianjin Dacheng Property Development Company Limited [#]);
“Toll-Milling Service Agreement”	the toll-milling service agreement entered into between the Group and the GWE Group on 1 March 2011;
“Trademarks”	The trademarks of  , 大成 , 大成聯寶 ,  ,  ,  ,  ,  ,  ,  ,  ,  ,  ,  owned by the GWE Group;
“Transaction Agreements”	in the case of Acquisition, the Letter of Intent and the Acquisition Agreement; and in the case of Direct Investment, the Letter of Intent and the Revised Project Agreements;
“USD”	United States dollars, the lawful currency of United States of America;
“Variation Deed”	the variation deed to be executed by the Company and Great Wall Enterprise to supplement the Non-Competition Deed and the First Variation Deed; and
“%”	per cent.

DEFINITIONS

For the purpose of this circular, unless otherwise indicated, the exchange rates of USD1.00 = RMB6.325 and RMB 1.00 = HK\$ 1.23 have been used, where applicable, for purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such rates or at any other rates.

In this circular, if there is any inconsistency between the Chinese names of the entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail. The English translation of names or any descriptions in Chinese which are marked with “#” is for identification purpose only.

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:

HAN Jia-Hwan (*Chairman*)
HAN Chia-Yin

Non-executive Directors:

HAN Chia-Yau
HARN Jia-Chen
Nicholas William ROSA
CHAO Tien-Shin

Independent non-executive Directors:

CHEN Chih
LIU Fuchun
WAY Yung-Do

Registered office:

Clifton House
75 Fort Street
George Town
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

*Principal Place of Business
in Hong Kong:*

Suite 1806, Tower 1
The Gateway
No. 25 Canton Road
Tsimshatsui, Kowloon
Hong Kong

3 December 2012

To the Shareholders

Dear Sir or Madam,

**(1) VARIOUS CONTINUING CONNECTED TRANSACTIONS AND
RENEWAL OF VARIOUS CONTINUING CONNECTED TRANSACTIONS**

**(2) REVISION OF ANNUAL CAPS FOR
CONTINUING CONNECTED TRANSACTIONS**

(3) PROPOSED VARIATION DEED

**(4) DISCLOSEABLE AND CONNECTED TRANSACTION – POSSIBLE
INVESTMENT IN 15-20% EQUITY INTEREST IN
A JOINT VENTURE COMPANY IN PRC**

INTRODUCTION

References are made to the Company's Announcements dated 6 November 2012 in relation to (i) various continuing connected transactions, renewal of various continuing connected transactions, revision of annual caps for continuing connected transactions and proposed Variation Deed and (ii) the Letter of Intent, Transaction Agreements and the

LETTER FROM THE BOARD

transactions contemplated thereunder (i.e. the Investment). The purpose of this circular is (i) to provide the Shareholders with further information regarding the details of (A) the Non-Exempt Transactions and their relevant proposed annual caps; (B) the revision of the annual cap in 2012 for MB Master Supply (Renewal) Agreement; (C) the proposed Variation Deed and (D) the Letter of Intent and the transaction contemplated thereunder; (ii) to set out the recommendation of the Independent Board Committee to the Independent Shareholders and the advice of the independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (iii) to give the Shareholders the notice of the EGM and other information as required under the Listing Rules.

The Independent Board Committee, comprising three independent non-executive Directors namely Dr. Chen Chih, Mr. Liu Fuchun and Mr. Way Yung-Do and each of them does not have any material interest in the Non-Exempt Transactions, the revision of the annual cap in 2012 for MB Master Supply (Renewal) Agreement, the proposed Variation Deed, the Investment, the Transaction Agreements and the transaction contemplated thereunder, has been established to advise the Independent Shareholders as to whether the terms of the Non-Exempt Transactions and their relevant proposed annual caps, the revision of the annual cap for MB Master Supply (Renewal) Agreement, the proposed Variation Deed, the Investment, the Transaction Agreements and the transaction contemplated thereunder are fair and reasonable and whether the Non-Exempt Transactions, the revision of the annual cap in 2012 for MB Master Supply (Renewal) Agreement, the proposed Variation Deed, the Investment, the Transaction Agreements and the transaction contemplated thereunder are in the interests of the Company and the Independent Shareholders as a whole and to advise and make recommendation to the Independent Shareholders as to how to vote at the EGM on the ordinary resolutions regarding the Non-Exempt Transactions, the revision of the annual cap in 2012 for MB Master Supply (Renewal) Agreement, the proposed Variation Deed, the Investment, the Transaction Agreements and the transaction contemplated thereunder. REORIENT has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in these respects.

(1) VARIOUS CONTINUING CONNECTED TRANSACTIONS AND RENEWAL OF VARIOUS CONTINUING CONNECTED TRANSACTIONS

Background

Reference is made to the Company's announcement dated 23 November 2009 and the Company's circular dated 11 December 2009 regarding the renewal of various continuing connected transactions.

The Group has been conducting certain continuing connected transactions with the GWE Group and the Marubeni Group respectively in its ordinary and usual course of business pursuant to (i) the GW Master Supply (Renewal) Agreement, (ii) the GW Master Purchase (Renewal) Agreement, (iii) the MB Master Supply (Renewal) Agreement, (iv) the MB Master Purchase (Renewal) Agreement, (v) the GW Trademarks Licence (Renewal) Deed and (vi) the Toll-Milling Service Agreement. Among the foresaid agreements, all, except for the Toll-Milling Service Agreement which will expire on 31 December 2013, will expire on 31 December 2012; while

LETTER FROM THE BOARD

some of which are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules and some of which are also subject the Independent Shareholder's approval requirements under the said rules.

For continuing connected transactions with the GWE Group and the Marubeni Group, the Company has on 6 November 2012 renewed (i) the MB Master Supply (Renewal) Agreement (subject to the approval of the Independent Shareholders), and (ii) the MB Master Purchase (Renewal) Agreement (subject to the approval of the Independent Shareholders) for a term of three years after their expiry on substantially the same terms as their previous ones.

For better management of the continuing connected transactions with the GWE Group, the Company and Great Wall Enterprise has on 6 November 2012 entered into, subject to the approval of the Independent Shareholders, (i) the GW Master Supply Agreement (2012) and (ii) the GW Master Purchase Agreement (2012) for a term of three years with effect from 1 January 2013. The GW Master Supply Agreement (2012) combines the transactions previously contemplated under the GW Master Supply (Renewal) Agreement and the Toll-Milling Service Agreement; while the GW Master Purchase Agreement (2012) combines the transactions previously contemplated under the GW Master Purchase (Renewal) Agreement and the Toll-Milling Service Agreement.

Transactions requiring Independent Shareholders' approval (i.e. Non-Exempt Transactions)

Based on the proposed annual caps for the three years ending 31 December 2015, the transactions contemplated under the following agreements are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules:

1 GW Master Supply Agreement (2012)

The Group has from time to time sold products, such as raw materials for manufacturing animal feeds, chicken meat products, processed animal feeds and aquafeed products to the GWE Group under the GW Master Supply (Renewal) Agreement dated 23 November 2009 and the Toll-Milling Service Agreement dated 1 March 2011. The GW Master Supply Agreement (2012) will substitute the GW Master Supply (Renewal) Agreement and the Toll-Milling Service Agreement with effect from 1 January 2013 (subject to the approval of the Independent Shareholders).

Date: 6 November 2012

Parties: (i) the Company (as the supplier)
(ii) Great Wall Enterprise (as the purchaser)

LETTER FROM THE BOARD

Major terms: Pursuant to the GW Master Supply Agreement (2012), the Company shall sell and shall procure any and all members of the Group to sell and Great Wall Enterprise shall purchase and shall procure any and all members of the GWE Group to purchase the products of the relevant member of the Group and products manufactured by the relevant member of the Group in conformance with specifications and requirements specified by the relevant member of the GWE Group on a non-exclusive basis in accordance with any written quotation of the relevant member of the Group which is accepted by the relevant member of the GWE Group, or any written order of the relevant member of the GWE Group which is accepted by the relevant member of the Group. Unless otherwise agreed between the parties, the relevant members of the Group shall be entitled to invoice the relevant member of the GWE Group for the price of the products sold on or after the delivery date and the relevant member of the GWE Group shall make the payment within 60 days of the date of the invoice of the relevant member of the Group.

The pricing of the goods to be sold will be determined by reference to the actual cost of the goods sold by the Group (being the actual or budget costs of production and procurement incurred by the Group for the goods to be sold, e.g. raw material cost, processing and production costs, labour cost and other variable and fixed costs) and a reasonable profit margin determined by the relevant member of the Group taking into account the following:

- (a) any quoted price shall not be less than the price charged by the relevant member of the Group to an Independent Third Party when dealing on an arm's length basis having regard to any other special circumstances such as arm's length negotiated volume discounts; and
- (b) if no such comparable reference prices are available, the quoted price shall be determined by agreement between the parties based on (i) normal commercial terms that are considered to be fair and reasonable by the respective member of the Group and the GWE Group; and (ii) terms no less favourable to the relevant member of the Group than terms given by such relevant members of the Group to Independent Third Parties.

Term: Three years from 1 January 2013 to 31 December 2015 and subject to compliance with applicable requirements of the Listing Rules regarding connected transactions, automatically renewable for three years thereafter.

LETTER FROM THE BOARD

2 *GW Master Purchase Agreement (2012)*

The Group has from time to time purchased raw materials, which are mainly raw materials for production of chicken processed food from the GWE Group under the GW Master Purchase (Renewal) Agreement dated 23 November 2009. The GW Master Purchase Agreement (2012) will substitute the GW Master Purchase (Renewal) Agreement.

Date: 6 November 2012

Parties: (i) Great Wall Enterprise (as the supplier)
(ii) the Company (as the purchaser)

Major terms: Pursuant to the GW Master Purchase Agreement (2012), the Company shall purchase and shall procure any and all members of the Group to purchase and Great Wall Enterprise shall sell and shall procure any and all members of the GWE Group to sell the products of the relevant member of the GWE Group and products manufactured by the relevant member of the GWE Group in conformance with specifications and requirements specified by the relevant member of the Group on a non-exclusive basis in accordance with any written quotation of the relevant member of the GWE Group which is accepted by the relevant member of the Group, or any written order of the relevant member of the Group which is accepted by the relevant member of the GWE Group. Unless otherwise agreed between the parties, the relevant members of the GWE Group shall be entitled to invoice the relevant member of the Group for the price of the products sold on or after the delivery date and the relevant member of the Group shall make the payment within 60 days of the date of the invoice of the relevant member of the GWE Group.

The pricing of the goods to be purchased will be determined by reference to the actual cost of the goods purchased from the GWE Group (being the actual or budget costs of production and procurement incurred by the GWE Group for the goods to be sold, e.g. raw material cost, processing and production costs, labour cost and other variable and fixed costs) and a reasonable profit margin determined by the relevant member of the GWE Group taking into account the following:

(a) any quoted price shall not be more than the price charged by the relevant member of the GWE Group to an Independent Third Party when dealing on an arm's length basis having regard to any other special circumstances such as arm's length negotiated volume discounts; and

LETTER FROM THE BOARD

- (b) if no such comparable reference prices are available, the quoted price shall be determined by agreement between the parties based on (i) normal commercial terms that are considered to be fair and reasonable by the respective member of the GWE Group and the Group; (ii) terms no less favourable to the relevant member of the Group than terms available from Independent Third Parties.

Term: Three years from 1 January 2013 to 31 December 2015 and subject to compliance with applicable requirements of the Listing Rules regarding connected transactions, automatically renewable for three years thereafter.

3 MB Master Supply (Renewal 2012) Agreement

The Group has from time to time sold products, such as processed foods, to Marubeni Corporation to satisfy its procurement needs under the MB Master Supply (Renewal) Agreement dated 23 November 2009. The MB Master Supply (Renewal) Agreement will be substituted by the MB Master Supply (Renewal 2012) Agreement with effect from 1 January 2013 to extend the expiry date of the agreement to 31 December 2015 with substantially the same terms (subject to the approval of the Independent Shareholders).

Date: 6 November 2012

Parties: (i) the Company (as the supplier)
(ii) Marubeni Corporation (as the purchaser)

Major Terms: Pursuant to the MB Master Supply (Renewal 2012) Agreement, the Company shall sell and shall procure any and all members of the Group to sell and Marubeni Corporation shall purchase the products of the Group in accordance with the purchase order placed by Marubeni Corporation which is accepted by the relevant member of the Group. Marubeni Corporation shall make payment for the products within the period and in the manner laid down in such purchase order.

LETTER FROM THE BOARD

The pricing of the goods to be purchased will be determined by reference to the cost of production for the goods involved (being the actual or budget costs of production and procurement incurred by the Group for the goods to be sold, e.g. raw material cost, processing and production costs, labour cost and other variable and fixed costs) and using the same price determination basis as that adopted by the relevant member of the Group from time to time for sale of the goods to its other customers who are Independent Third Parties. The Group shall not be obliged to accept any order from Marubeni Corporation for the goods on terms and conditions that are less favourable to the Group than those agreed between the Group and its other customers for the goods that are Independent Third Parties.

Term: Three years from 1 January 2013 to 31 December 2015. Either party may terminate the agreement by giving the other three months' prior written notice.

4 MB Master Purchase (Renewal 2012) Agreement

The Group has from time to time purchased raw materials, which mainly are soybean meal for chicken feed production from Marubeni PRC under the MB Master Purchase (Renewal) Agreement dated 23 November 2009. Such raw materials are essential for the Group's business such as feed and processed food and they are required not only for producing products for Marubeni Corporation but for other customers.

The MB Master Purchase (Renewal) Agreement will be substituted by the MB Master Purchase (Renewal 2012) Agreement with effect from 1 January 2013 to extend the expiry date of the agreement to 31 December 2015 with substantially the same terms (subject to the approval of the Independent Shareholders).

Date: 6 November 2012

Parties: (i) Marubeni PRC (as the supplier)
(ii) the Company (as the purchaser)

LETTER FROM THE BOARD

Major Terms: Pursuant to the MB Master Purchase (Renewal 2012) Agreement, the Company shall purchase and shall procure members of the Group to purchase and Marubeni PRC shall sell and shall procure members of the Marubeni Group to sell products on individual sale and purchase contracts to be entered into by the relevant member of the Marubeni Group and the relevant member of the Group provided that the terms offered by Marubeni Group to the Group should adhere to the fair market price ranges of products comparable to products as offered in the PRC market as at the time when the relevant sale and purchase is performed.

If no comparable prices from Independent Third Parties are available for references, the terms shall be determined by agreement between the parties based on normal commercial terms that are considered to be fair and reasonable by the respective member of the Marubeni Group and the respective member of the Group. Subject to the guiding principles as aforesaid, relevant members of the Group and the Marubeni Group will negotiate on the terms of contracts and enter into individual sale contract for the sale and purchase of the products.

Term: Three years from 1 January 2013 to 31 December 2015. Subject to compliance with applicable requirements of the Listing Rules regarding connected transactions, after the expiration of the initial term, both parties may extend the agreement for one or more successive periods of three years by giving one month's prior written notice to the other party.

Pricing Determination Mechanism for Master Agreements

The Group will take the following measures to determine the prices under the four master agreements as disclosed above, where there are no comparable prices of the relevant products from Independent Third Parties for similar, relevant or substituting products are available:

- (a) the prices shall then be determined by agreement between the parties based on (i) normal commercial terms of similar, relevant or substituting products that are considered to be fair and reasonable by the respective member of both parties; (ii) the impact of the prices of the relevant products on the cost of the production of the relevant parties; and (iii) profit margins of the Group with reference to profit margins of other similar products or the overall profit margins of the relevant members of the Group and the cost of production using other similar substituting products as well as the quality of the goods so produced; and

LETTER FROM THE BOARD

- (b) the purchase order or the sales order will be reviewed by a three tier review system (firstly by the relevant product manager, secondly by the person-in-charge in the purchase department, and lastly by the general manager).

Historical Values

The following table sets out the respective historical amounts of the continuing connected transactions as described above for the two years ended 31 December 2011 and the 6 months ended 30 June 2012, the existing annual caps for the agreements under renewal for the three years ending 31 December 2012 and the utilization rate thereof.

		For the year ended 31 December 2010 (audited) ^{Note 1}	For the year ended 31 December 2011 (audited) ^{Note 2}	For the 6 months ended 30 June 2012 (unaudited) ^{Note 3}
		<i>USD'000</i> <i>(RMB'000)</i>	<i>USD'000</i> <i>(RMB'000)</i>	<i>USD'000</i> <i>(RMB'000)</i>
<i>Continuing Connected Transactions</i>				
 <i>Non-Exempt Transactions</i>				
<i>1</i>	<i>GW Master Supply Agreement (2012)</i>	Actual	515 (3,410)	#11,815 (74,448)
		Existing annual caps for GW Master Supply (Renewal) Agreement	617 (4,086)	*#34,244 (216,590) * for the year ending 31 December 2012
		Utilization rate of the existing annual cap	83%	#50% #19% # including the figures for the Toll-Milling Service Agreement
	<i>Toll-Milling Service Agreement</i>	Actual	– 11,309 (71,258)	6,315 (39,939)
		Existing annual caps	– 22,931 (144,488)	*33,382 (211,138) * for the year ending 31 December 2012
		Utilization rate of the existing annual cap	– 49%	19%

LETTER FROM THE BOARD

Continuing Connected Transactions		For the year ended 31 December 2010 (audited) ^{Note 1}	For the year ended 31 December 2011 (audited) ^{Note 2}	For the 6 months ended 30 June 2012 (unaudited) ^{Note 3}
		USD'000 (RMB'000)	USD'000 (RMB'000)	USD'000 (RMB'000)
2	GW Master Purchase Agreement (2012)	Actual	3,382 (22,398)	3,903 (24,592)
	Existing annual caps for GW Master Purchase (Renewal) Agreement	4,693 (31,082)	5,682 (35,802)	*7,126 (45,071) * for the year ending 31 December 2012
	Utilization rate of the existing annual cap	72%	69%	23%
3	MB Master Supply (Renewal 2012) Agreement	Actual	22,640 (149,945)	29,073 (183,187)
	Existing annual cap for MB Master Supply (Renewal) Agreement	24,948 (165,231)	30,125 (189,818)	*36,376 (230,075) * for the year ending 31 December 2012
	Utilization rate of the existing annual cap	91%	97%	54%
4	MB Master Purchase (Renewal 2012) Agreement	Actual	3,919 (25,956)	4,365 (27,505)
	Existing annual cap for MB Master Purchase (Renewal) Agreement	13,584 (89,967)	19,917 (125,497)	*23,567 (149,059) * for the year ending 31 December 2012
	Utilization rate of the existing annual cap	29%	22%	9%

Note:

1. The exchange rate of USD1.00 = RMB 6.623 has been used.
2. The exchange rate of USD1.00 = RMB 6.301 has been used.
3. The exchange rate of USD1.00 = RMB 6.325 has been used.

Proposed Annual Caps

The following table sets out the respective proposed annual caps of the continuing connected transactions under the agreements as described above for the three years ending 31 December 2015:

LETTER FROM THE BOARD

Continuing Connected Transactions	For the year ending 31 December 2013	For the year ending 31 December 2014	For the year ending 31 December 2015
	<i>RMB'000</i> (<i>USD'000</i>)	<i>RMB '000</i> (<i>USD'000</i>)	<i>RMB '000</i> (<i>USD'000</i>)
<i>Non-Exempt Transactions</i>			
1 <i>GW Master Supply Agreement (2012)</i> Proposed annual cap	250,000 (39,526)	300,000 (47,432)	360,000 (56,918)
2 <i>GW Master Purchase Agreement (2012)</i> Proposed annual cap	50,000 (7,905)	60,000 (9,486)	70,000 (11,067)
3 <i>MB Master Supply Agreement (Renewal 2012)</i> Proposed annual cap	350,000 (55,337)	400,000 (63,242)	450,000 (71,147)
4 <i>MB Master Purchase (Renewal 2012) Agreement</i> Proposed annual cap	60,000 (9,486)	60,000 (9,486)	60,000 (9,486)

Reasons for the Proposed Annual Caps

The major bases and assumptions for determining the proposed annual caps for the various continuing connected transactions are set out below.

Proposed annual caps for the GW Master Supply Agreement (2012)

The proposed annual caps for the transactions under the GW Master Supply Agreement (2012) are determined after taking into account the following factors:

- (a) the historical sales and the anticipated growth in sales of the Group's products to the GWE Group; and
- (b) the possible increase in the price of the products, arising from a possible average inflation of the relevant years.

Proposed annual caps for the GW Master Purchase Agreement (2012)

The proposed annual caps for the transactions under the GW Master Purchase Agreement (2012) are determined after taking into account the following factors:

- (a) the historical procurement and the anticipated growth in procurement of the GWE Group's products;
- (b) the possible production needs of the Group based on the existing production facilities; and
- (c) the possible increase in the price of the raw materials, arising from a possible average inflation.

LETTER FROM THE BOARD

Proposed annual caps for the MB Master Supply (Renewal 2012) Agreement

The proposed annual caps for the transactions under the MB Master Supply (Renewal 2012) Agreement are determined after taking into account the following factors:

- (a) the historical sales and the anticipated growth in sales of the Group's products to Marubeni Corporation;
- (b) a possible demand for the Group's food products from Marubeni Corporation based on the production capacity of the Group in respect of the relevant food products; and
- (c) the possible increase in the price of the products, arising from a possible average inflation.

Proposed annual caps for the MB Master Purchase (Renewal 2012) Agreement

The proposed annual caps for the transactions under the MB Master Purchase (Renewal 2012) Agreement are determined after taking into account the following factors:

- (a) the historical procurement and the anticipated growth in procurement of Marubeni Corporation's products;
- (b) the possible production needs of the Group in respect of the Group's existing raw material production plants based on the existing production capacity of the Group and possible growth in production volume; and
- (c) the possible increase in the price of the raw materials, arising from a possible average inflation of the relevant years.

Reasons for and benefits of the Continuing Connected Transactions

GW Master Supply Agreement (2012) and MB Master Supply (Renewal 2012) Agreement

The GWE Group and the Marubeni Group are major clients of the Group. It is beneficial to the Group to secure a closer and long term supplier-customer relationship with the GWE Group and the Marubeni Group by entering into the GW Master Supply Agreement (2012) and MB Master Supply (Renewal 2012) Agreement respectively. Transactions under the GW Master Supply Agreement (2012) and MB Master Supply (Renewal 2012) Agreement will continue to represent a good potential source of revenue of the Group's business.

LETTER FROM THE BOARD

GW Master Purchase Agreement (2012) and MB Master Purchase (Renewal 2012) Agreement

The GWE Group has been a very reliable supplier of high quality raw materials to the Group. By entering into the GW Master Purchase Agreement (2012), the Group has secured a longer term of supply of high quality raw materials and products which will be beneficial to the growth of the Group's business.

In respect of the MB Master Purchase (Renewal 2012) Agreement, the transactions thereunder will continue to facilitate the smooth operation of the Group's business by securing a stable and reliable source of high quality raw materials necessary for the Group's operation. Furthermore, purchasing goods from Marubeni PRC will strengthen the already close business relationship with the Marubeni Corporation which is one of the main customers of the Group.

(2) REVISION OF THE ANNUAL CAP FOR MB MASTER SUPPLY (RENEWAL) AGREEMENT

Background

Reference is made to the Company's announcement dated 23 November 2009 and the Company's circular dated 11 December 2009 in relation to, amongst other things, the entering into the MB Master Supply (Renewal) Agreement.

The major terms of the MB Master Supply (Renewal) Agreement are the same as those of the MB Master Supply (Renewal 2012) Agreement and are set out in the section of "Transactions requiring Independent Shareholders' approval (i.e. Non-Exempt Transactions)" of this circular.

Existing annual caps

As disclosed in the Company's circular dated 11 December 2009, the MB Master Supply (Renewal) Agreement became effective on 1 January 2010 and the annual caps for the three years ending 31 December 2012 are set out below:

	For the year ended 31 December 2010 ^{Note 1}	For the year ended 31 December 2011 ^{Note 2}	For the year ending 31 December 2012 ^{Note 3}
	<i>USD'000</i>	<i>USD'000</i>	<i>USD'000</i>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Existing annual caps	24,948 (165,231)	30,125 (189,818)	36,376 (230,075)

Note:

1. The exchange rate of USD1.00 = RMB 6.623 has been used.

LETTER FROM THE BOARD

2. The exchange rate of USD1.00 = RMB 6.301 has been used.
3. The exchange rate of USD1.00 = RMB 6.325 has been used.

Revision of annual cap for the year ending 31 December 2012

With the continuous business growth and improving market condition, the Company noted that the annual cap for the year ending 31 December 2012 will not be sufficient for the MB Master Supply (Renewal) Agreement, and therefore proposes that the annual cap for the year ending 31 December 2012 in relation to the transactions contemplated under the MB Master Supply (Renewal) Agreement be revised to USD47,431,580 (equivalent to RMB300,000,000).

Reasons for and benefits of the Revised Annual Cap

The Revised Annual Cap is determined on the Company's expectation of the continued growth of demand for food consumption products and improving market condition in the year 2012. The Company expects that as the demand for food consumption products in the PRC gradually increased, the sales of products to the Marubeni Group under the MB Master Supply (Renewal) Agreement would increase. During the period from January to August 2012, the actual sales amount pursuant to the MB Master Supply (Renewal) Agreement was USD26,829,151 (equivalent to RMB169,691,694).

(3) PROPOSED VARIATION DEED

Background

1. **Non-Competition Deed:** Pursuant to the Non-Competition Deed, Great Wall Enterprise has undertaken to the Company not to, and procure its associates (other than the Group) not to, directly or indirectly, carry on or be engaged in, connected with or interested in the Restricted Business (i.e. the business carried out by the Group as at the date of the Non-Competition Deed) in the Restricted Territory (i.e. in which the Group carried out the Restricted Business (other than the region of Taiwan)) as at the date of the Non-Competition Deed, namely Japan, Malaysia, PRC and Vietnam. Further, the parties have undertaken, pursuant to the Non-Competition Deed, that any opportunity for any member of the GWE Group or the Group to invest or participate in any business or venture involved in any business which would or may directly or indirectly compete with the Restricted Business or any part thereof outside the Restricted Territory and the region of Taiwan arises, each party shall not, and shall procure that no member of its group shall, invest or participate in any such business unless and until the other party has been offered the opportunity to co-invest or co-participate in such business.
2. **First Variation Deed:** The parties entered into the First Variation Deed on 25 June 2010 under which the Aquafeed Business was excluded from the scope of Restricted Business in the Non-Competition Deed.

LETTER FROM THE BOARD

In order to enable the Group to cooperate with Great Wall Enterprise in the Restricted Business in the Restricted Territory in the future, it is proposed that the Variation Deed be entered into between the Company and Great Wall Enterprise to supplement the Non-Competition Deed and the First Variation Deed.

Variation Deed

It is proposed that the Variation Deed to be entered into between the Company and Great Wall Enterprise to supplement the Non-Competition Deed and the First Variation Deed after the Independent Shareholders' approval for the entering into of the Variation Deed at the EGM.

Parties

- (i) the Company; and
- (ii) Great Wall Enterprise.

Major Terms

Under the Variation Deed, Great Wall Enterprise undertakes to the Company that any opportunity for any member of the GWE Group to invest or participate in any business or venture involved in any business which would or may directly or indirectly compete with the Restricted Business or any part thereof in the Restricted Territory arises, Great Wall Enterprise shall not, and Great Wall Enterprise shall procure that no member of the GWE Group shall, invest or participate in any such business unless and until the Company has been offered the opportunity to invest or participate in such business.

Upon receipt of the new business opportunity offered by Great Wall Enterprise, the Company shall seek opinions and decisions from the Independent Board Committee. The Independent Board Committee may appoint an independent financial adviser for advice if necessary. In considering whether to invest or participate in such new business opportunity, the Independent Board Committee will take into account (including but not limited to) the following factors:

- (i) whether such new business opportunity will enhance the Company's profitability and competitive advantages in the business of the Group;
- (ii) whether such new business opportunity will attain profit within a reasonable period;
- (iii) whether such new business opportunity will be in line with the strategic development of the Group from time to time;
- (iv) whether the Company's funding capability and/or capital expenditure projection would allow the investment and participation in such a new business opportunity;

LETTER FROM THE BOARD

- (v) whether it will be in the best interest of the Shareholders as a whole; and
- (vi) any other factors that the Independent Board Committee thinks fit and appropriate.

If the Company elects to invest or participate in such a new business opportunity made available to it, the Company shall have the right to invest or participate up to 50% (or any other percentage that the parties may agree otherwise) in the investment that being made available to the GWE Group.

Under the Variation Deed, Great Wall Enterprise also undertakes to the Company that it shall, and shall procure all members of the GWE Group shall, grant to the Company:

- (i) a right to invest or participate in any business resulting from such new business opportunity that has been offered to, but has not been taken up by the Group and has been retained by the GWE Group, and in the case that the exercise of such right involves a transfer by the GWE Group to the Group of the GWE Group's interest in such business, the maximum extent of interest to be purchased by the Group shall be 50% (or any other percentage that the parties may agree otherwise) of that then owned by the GWE Group and the sale shall be on the basis of valuation conducted by an independent valuer jointly appointed by the Company and Great Wall Enterprise; if Great Wall Enterprise, after its due and careful consideration, is of the view that the exercise of such right by the Company will cause material adverse effect to the future business development of such new business, and if the decision of exercising such right requires shareholders' approval of Great Wall Enterprise pursuant to any relevant rules and regulations, such approval must be sought, the exercise of such right by the Company shall then be subject to approval of Great Wall Enterprise's shareholders provided that Great Wall Enterprise shall try its best endeavour to obtain the necessary approval from its shareholders and enable the Company to participate in such new business; and such right shall be valid for a period of two years after such business has been taken up by the GWE Group; and
- (ii) the pre-emptive rights to purchase the interests of the GWE Group in any business resulting from such new business opportunity that has been offered to, but has not been taken up by the Group and has been retained by the GWE Group, on terms no less favourable than those offered to third parties, if the GWE Group intends to transfer, sell, lease or license such interests to any third party, on the exercise of the pre-emptive rights by the Company, Great Wall Enterprise shall transfer such interests to the Company.

Upon receipt of the notice of such pre-emptive rights by Great Wall Enterprise, the Company shall seek opinions and decisions from the Independent Board Committee. The Independent Board Committee will take into account (including but not limited to) the factors as mentioned above.

LETTER FROM THE BOARD

If the Company decides not to invest or participate in such new business opportunity or not to exercise such pre-emptive rights, the Company will disclose details of such decision and basis thereof in the annual report of the Company for the relevant financial year.

The entering into of the Variation Deed is intended for the mutual benefits of the Company and Great Wall Enterprise. Great Wall Enterprise agrees, as an additional gesture of goodwill, to waive its rights to receive royalties under GW Trademarks Licence (Renewal) Deed and any of its subsequent renewal agreement with effect from the date of the Variation Deed.

Date and condition of signing

The Variation Deed will only be entered into by the parties after the Independent Shareholders in the EGM approve, among other matters, the Variation Deed.

Reasons for the entering into of the Variation Deed

Great Wall Enterprise, as a controlling shareholder of the Company, has sound reputation, sufficient capital, technological and human resources whereas the Group has extensive marketing network and market information in the Restricted Territory. Great Wall Enterprise is an enterprise established under the laws of Taiwan, whose shares are listed on the Taiwan Stock Exchange. Its principal business is the production of soybean products, feeds and chicken meat processing. Entering into the Variation Deed will bring to the Group the following advantages:

- (i) it will enable the Company to make use of Great Wall Enterprise's reputation, resources and expertise to participate in certain business that the Group, with its own capital and resources, may not have the opportunity to explore;
- (ii) it will be a win-win situation for both the Company and Great Wall Enterprise if they can cooperate to explore new business opportunity in the future; and
- (iii) the Group, based on the historical figures and the expected growth in the sales of the products of the Group, can save the royalties for approximately RMB7 million annually under GW Trademarks Licence (Renewal) Deed in future, thereby reducing its operating costs.

The only disadvantage the Company can think of is that there may be potential competition in case where the Group considers that such new business opportunity in Restricted Territory offered by Great Wall Enterprise may not be a good prospect and decides not to participate in such new business opportunity. Nevertheless, such potential competition will not emerge if the Company decides to invest. The Company does not consider it is the intention of Great Wall Enterprise to compete with the

LETTER FROM THE BOARD

Group since Great Wall Enterprise has made substantial investment in the Company throughout the years and has facilitated the Group to build up its established leading market position in the Restricted Business.

Under the Variation Deed, if the Company elects to invest or participate in such new business opportunity made available to it, the Company shall have the right to invest or participate up to 50% (or any other percentage that the parties may agree otherwise) in the investment that being made available to the GWE Group. Such 50% limit is a result of negotiation between Great Wall Enterprise and the Company taken into account the mutual benefits for the two companies that the entering into of the Variation Deed may bring. The Board is of the view that if Great Wall Enterprise is allowed to have up to 50% interest in such a new business opportunity, it may well encourage Great Wall Enterprise to invest considerable resources to explore good new business opportunities, which will in turn benefit both parties.

Based on the abovementioned, the Board is of the view that it will be beneficial to the Group if it can cooperate with the GWE Group in the future in the Restricted Business in the Restricted Territory and it may in turn facilitate the Company to explore more new business opportunity. Further, the Board considers that the PRC market is massive, the advantages to the Group by allowing the Group to invest jointly with Great Wall Enterprise will outweigh the disadvantage, if any, brought by the unlikely competition.

The Company will seek the Independent Shareholders' approval for the entering into of the Variation Deed at the EGM.

(4) DISCLOSEABLE AND CONNECTED TRANSACTION – POSSIBLE INVESTMENT IN 15-20% EQUITY INTEREST IN A JOINT VENTURE COMPANY IN PRC

Background

The Project was introduced by GWFT to the Company and Other Investors. GWFT is the current owner of the land use right of the Project Land and the wheat flour plant currently built thereon. To implement the Project, it is anticipated that the PRC government will resume the Project Land and demolish the wheat flour plant built thereon and pay to GWFT the Compensation.

After the Project Land is resumed by the PRC government, it is expected that the land use of the same piece of land will be changed from industrial use to commercial and residential uses and will be available for the Land Bid. The Investors intend to bid the Project Land through the Target Company for the implementation of the Project. GWFT wishes to invest directly into the Target Company (the "Direct Investors"); whilst the Other Investors (the "Indirect Investors") wish to invest into the Target Company through the HK Co.

LETTER FROM THE BOARD

To successfully bid the Project Land, all Direct Investor(s) and HK Co are required to pay the Deposit to Tianjin Land Exchange Center in proportion to their committed registered capital amount in the Target Company. After paying the Deposit, a pre-application approval notice will be issued to the Target Company. The Target Company will then obtain a temporary approval licence for a term of 1 year from the relevant PRC authority, such that the Target Company could become the acquiring party of the Project Land. If the Target Company successfully bids the Project Land, the Deposit will be converted into part of the acquisition consideration for the Project Land as well as the registered capital contributed by the Direct Investor(s) and HK Co. Otherwise, the Deposit paid by each of the Direct Investor and HK Co will be refunded by Tianjin Land Exchange Center.

The Company is interested in investing into the Project by holding the Relevant Equity Interest. However, given that (i) Investors are required to pay the Deposit before the Land Bid but that the Company is required to obtain the Approval before making any commitment in relation to the Project and (ii) the timing for completion of the Land Bid and the establishment of the Target Company cannot be ascertained, after commercial negotiations, the Company adopts a flexible approach to the Investment. Depending on whether the Investors have submitted the application for the formation of the Target Company by the time the Company obtains the Approval, DWT will invest in the Project either by way of the Acquisition or Direct Investment. Regardless of the mode of Investment to be adopted by DWT, DWT will eventually hold the Relevant Equity Interest and directly invest into the Target Company as if it were a Direct Investor.

Against this background, a binding Letter of Intent governing the Investment was executed by GWFT, DWT and the Company on 6 November 2012.

Subsequent to the date of the Letter of Intent and as at the Latest Practicable Date, there are minor changes in the following two aspects: (i) an Investor decides to invest indirectly (as opposed to directly) in the Target Company as an Indirect Investor and the shareholding of the prospective shareholders of the Target Company has slightly changed and (ii) the Long Stop Date and the agreed deadline for acquiring the Project Land are postponed from 31 March 2013 to 30 June 2013.

The details of the Letter of Intent and the transaction contemplated thereunder and as revised as aforesaid are set out below.

The Investment

Date of the Letter of Intent: 6 November 2012

Parties of the Letter of Intent: (1) GWFT

(2) DWT

LETTER FROM THE BOARD

(3) the Company

Subject matter: Relevant Equity Interest, the exact percentage of which will be determined by DWT, and (if any) the Deposit paid by GWFT in respect of the Relevant Equity Interest which has not been converted into part of the registered capital for such Equity Interest.

Mode of Investment: If the application for formation of the Target Company has been submitted by the time of obtaining the Approval, subject to the Agreement Conditions being fulfilled, DWT shall invest in the Target Company by way of Acquisition.

If the application for formation of the Target Company has not been submitted by the time of obtaining the Approval, GWFT shall invest in the Target Company by way of Direct Investment.

Regardless of the mode of Investment to be adopted by DWT, DWT will eventually hold the Relevant Equity Interest.

A) The Acquisition

Documents to be executed by DWT for the Acquisition: In regard to the Acquisition, DWT will execute, subject to the Agreement Conditions being fulfilled, the Acquisition Agreement, and on the Completion Date, the deed of adherence.

Although DWT will not be a party to any of the Project Agreements, by signing the deed of adherence, DWT will in effect be bound by the Project Agreements, the principal terms of which are set out below.

LETTER FROM THE BOARD

Principal terms of
the Project
Agreements:

(a) *Payment of registered capital in relation to the Equity Interest held by GWFT*

GWFT commits to pay 20% of the registered capital of the Target Company by instalments in cash in the same manner as the HK Co. Any registered capital to be paid by GWFT in cash before the Completion will be deemed to be the registered capital paid for the Relevant Equity Interest. If such amount exceeds the entire registered capital payable in respect of the Relevant Equity Interest, the excess amount shall be the registered capital for the remaining Equity Interest held by GWFT.

The rest of the registered capital due and payable and representing the Equity Interest owned by GWFT may, as the PRC law permits, be contributed by GWFT only after it receives from the PRC government the Compensation.

(b) *Compensation Distribution*

If the Compensation received by GWFT exceeds RMB5,000,000 (equivalent to about HK\$6,150,000) per mu, GWFT shall distribute the Compensation Distribution among the Direct Investor(s) (i.e. GWFT itself) and HK Co in proportion to the amount of registered capital in the Target Company to which each of them commits to contribute under the Joint Venture Agreement A.

The determination of the Compensation Distribution has taken into account the reasonable assessment of relocation costs of wheat flour plant in the sum of RMB5,000,000 (equivalent to about HK\$6,150,000) per mu which comprises the costs of (i) acquiring another piece of land, (ii) building a new plant thereon, (iii) purchasing new equipment, (iv) housing the staff of GWFT and (v) other related expenses. The determination is a result of commercial negotiation among Investors and by GWFT. As a major shareholder of the Target Company and as a gesture of goodwill for other Investors joining in the Investment, GWFT is willing to share the Compensation after deducting the relocation costs.

LETTER FROM THE BOARD

(c) *Non-Competition Undertaking*

Each of the Investors and the HK Co undertake that, unless having obtained the written approval of others, during the period of its holding directly or indirectly the Equity Interest and the 12 months thereafter, it will not engage in any business in Hongqiao District of Tianjin, PRC in competition with the business engaged or proposed to be engaged by the Target Company when it holds directly or indirectly the Equity Interest.

(d) *Allocation of amount contributed by GWFT for the Equity Interest held by it*

GWFT shall be entitled to dispose of up to 20% Equity Interest held by it to the Company or its nominee without obtaining the prior approval of Other Investors and HK Co. Other Investors and HK Co shall have no right of pre-emption over the Relevant Equity Interest.

(e) *Deposit as consideration of acquisition for the Project Land and the registered capital of the Target Company*

If the Target Company successfully bids the Project Land by 30 June 2013, the Deposit contributed by each Direct Investor and HK Co shall be converted into part of the consideration for acquiring the land use right of the Project Land as well as the amount of registered capital in the Target Company contributed by each of them.

(f) *Failure to bid the Project Land*

If the Target Company fails to bid the Project Land by 30 June 2013:

- (i) in the event that GWFT has paid the Compensation Distribution to all Direct Investor(s) and HK Co, the recipient of such Compensation Distribution is not required to return the Compensation Distribution to GWFT; and
- (ii) each Direct Investor and HK Co are required to share the set-up expenses incurred by GWFT and in proportion to the amount of the registered capital in the Target Company to which each of them commits to contribute under the Joint Venture Agreement A.

LETTER FROM THE BOARD

Agreement Conditions and Execution Date of the Acquisition Agreement:

GWFT and DWT shall execute the Acquisition Agreement within 15 days (or such other later period as agreed by GWFT and DWT) after all of the following Agreement Conditions are fulfilled:-

- (1) the Company having obtained the Approval;
- (2) the Framework Agreement A and the Joint Venture Agreement A with terms agreeable to DWT and the Company having been entered into by GWFT and the related parties; and
- (3) GWFT having been approved by the relevant PRC authority as the registered holder of 45% or more Equity Interest.

If the Condition (1) above is not satisfied on or before 31 January 2013 (or such later period as agreed by GWFT and DWT), save for liabilities for any antecedent breach, all obligations of the Parties under the Letter of Intent will automatically cease. GWFT and DWT are no longer bound to execute the Acquisition Agreement.

Parties to the Acquisition Agreement:

- (1) GWFT (as vendor)
- (2) DWT (as purchaser)

Assets to be acquired:

Relevant Equity Interest held by GWFT and (if any) the Deposit paid by GWFT in respect of the Relevant Equity Interest which has not been converted into part of the registered capital for such Equity Interest

Consideration:

The Consideration for the Acquisition is equal to the amount of the Contribution, which must not exceed the Maximum Consideration.

The Consideration was determined on an arm's length basis which represents the actual amount of the paid-up registered capital contributed by GWFT to the Target Company in respect of the Relevant Equity Interest as at the Completion Date.

LETTER FROM THE BOARD

The exact amount of Consideration could only be fixed on the Completion Date. As agreed in the Letter of Intent, the registered capital of the Target Company shall be no more than RMB650,000,000 (equivalent to about HK\$799,500,000). Based on the above amount of registered capital and assuming DWT acquires 20% of the Equity Interest, the Maximum Consideration shall be RMB130,000,000 (equivalent to about HK\$159,900,000).

So long as the relevant PRC authority permits, in the event that GWFT has not yet contributed any registered capital to the Target Company with respect to the Relevant Equity Interest as at the Completion Date, it will transfer the Relevant Equity Interest at zero consideration.

Terms of Payment: The Total Consideration is payable by DWT by 2 instalments.

DWT shall, on the date of the Acquisition Agreement, pay to GWFT the first instalment being the amount equivalent to the registered capital paid by GWFT in respect of the Relevant Equity Interest up to and including the execution date of the Acquisition Agreement.

DWT shall, within 5 Business Days after the Completion Date, pay to GWFT the second instalment being the amount equivalent to the registered capital paid by GWFT in respect of the Relevant Equity Interest during the period commencing from the next day of the execution date of the Acquisition Agreement and ending on the Completion Date (both days inclusive).

The Total Consideration will be funded by internal resources of the Group.

Completion Conditions: The Completion is conditional upon the satisfaction of the Completion Conditions set out as follows:

- (1) the relevant PRC authority having approved the transfer of Relevant Equity Interest from GWFT to DWT; and
- (2) the relevant PRC authority having registered the transfer of the Relevant Equity Interest and issued a new business licence to the Target Company.

None of the above conditions can be waived by the parties to the Acquisition Agreement.

LETTER FROM THE BOARD

If any of the conditions precedent set out above has not been satisfied before the Long Stop Date, save for certain exceptions provided under the Acquisition Agreement, the Acquisition Agreement shall automatically cease. In such circumstances, the parties shall return any documents and fees (without interest) received from the other party within 14 days after the Long Stop Date. Save for any breaches of the terms of the Acquisition Agreement prior to the cessation of the Acquisition Agreement, none of the parties shall have any obligations and liabilities under the Acquisition Agreement.

Completion of the Acquisition:

The Completion shall take place on or before 5 p.m. of the Completion Date. On Completion, DWT shall execute a deed of adherence and thereafter it shall adhere to and be bound by all duties and obligations which are capable of applying to DWT under the Framework Agreement A and the Joint Venture Agreement A, including but not limited to the payment of the outstanding registered capital in respect of the Relevant Equity Interest (if any).

Other Major Terms of the Acquisition:

Distribution in respect of the Relevant Equity Interest before Completion

- (a) Subject to the Completion, if any dividend is declared or distributed or any other distribution is made by the Target Company before Completion in respect of the Relevant Equity Interest, GWFT shall pay to DWT such dividend or distribution declared to or received by GWFT within 21 Business Days after the Completion Date.
- (b) If any Compensation Distribution is made by GWFT before Completion, GWFT shall pay to DWT such portion of the Compensation Distribution in respect of the Relevant Equity Interest when the Compensation Distribution is paid to all Direct Investor(s) and HK Co. Nevertheless, if DWT does not become the holder of the Relevant Equity Interest on or before 30 June 2013 (or such other later date as agreed in writing between GWFT and DWT), DWT shall return to GWFT the Compensation Distribution previously received by it.
- (c) If the Target Company fails to bid the Project Land by 30 June 2013, DWT shall share the set-up expenses incurred by GWFT in proportion to the Relevant Equity Interest and GWFT shall return the amount of the Deposit paid by DWT.

LETTER FROM THE BOARD

B) The Direct Investment

Documents to be executed by DWT for the Direct Investment: In regard to the Direct Investment, GWFT shall execute, subject to the Approval being obtained by the Company, and shall procure Other Investors and HK Co to execute, the Revised Project Agreements in replacement of the Project Agreements (if so executed) with DWT. The principal terms of the Revised Project Agreements are set out below.

Principal terms of the Revised Project Agreements: (a) *Payment of the registered capital in relation to the Equity Interest held by GWFT*

The registered capital due and payable and representing the Equity Interest owned by GWFT may, as the PRC law permits, be contributed by GWFT only after it receives from the PRC government the Compensation.

(b) *Payment of the registered capital in relation to the Relevant Equity Interest*

As illustrated in the paragraph headed “Terms of Payment of the Registered Capital” under this section.

(c) *Compensation Distribution*

If the Compensation received by GWFT exceeds RMB5,000,000 (equivalent to about HK\$6,150,000) per mu, GWFT shall distribute the Compensation Distribution among Direct Investor(s) (i.e. GWFT itself), DWT and HK Co in proportion to the amount of registered capital in the Target Company to which each of them commits to contribute under the Joint Venture Agreement B.

(d) *Non-Competition Undertaking*

Each of the Investors, DWT and the HK Co undertake that, unless having obtained the written approval of others, it will not, during the period of its holding directly or indirectly the Equity Interest and the 12 months thereafter, engage in any business in Hongqiao District of Tianjin, PRC in competition with the business engaged or proposed to be engaged by the Target Company when it holds directly or indirectly the Equity Interest.

LETTER FROM THE BOARD

- (e) *Deposit as consideration of acquisition the Project Land and the registered capital of the Target Company*

If the Target Company successfully bids the Project Land by 30 June 2013, the Deposit contributed by each Direct Investor, DWT and HK Co shall be converted into part of the consideration for acquiring the land use rights of the Project Land as well as the amount of registered capital in the Target Company contributed by each of them.

- (f) *Failure to bid the Project Land*

If the Target Company fails to bid the Project Land by 30 June 2013:

- (i) in the event that GWFT has paid the Compensation Distribution to Direct Investor(s), DWT and HK Co, the recipient of such Compensation Distribution is not required to return the Compensation Distribution to GWFT; and
- (ii) each Direct Investor, DWT and HK Co shall share the set-up expenses incurred by GWFT and in proportion to the amount of the registered capital in the Target Company to which each of them commits to contribute under the Joint Venture Agreement B.

Execution Date of the Revised Project Agreements:	within 15 days after the Company obtains the Approval (or such other later period as agreed by GWFT and DWT)
Parties to Framework Agreement B:	(1) All Investors (including GWFT) (2) DWT (3) HK Co
Parties to Joint Venture Agreement B:	(1) Direct Investor(s) (i.e. GWFT) (2) DWT (3) HK Co
Subject Matter:	Relevant Equity Interest and (if any) the Deposit paid by GWFT in respect of the Relevant Equity Interest which has not been converted into part of the registered capital for such Equity Interest

LETTER FROM THE BOARD

Amount of registered capital: As agreed in the Letter of Intent, the registered capital the Target Company shall be no more than RMB650,000,000 (equivalent to about HK\$799,500,000). Based on the above amount of registered capital and assuming DWT holds 20% of the Equity Interest, the maximum amount of registered capital payable by DWT shall be RMB130,000,000 (equivalent to about HK\$159,900,000).

Terms of Payment of the Registered Capital: Unless GWFT has made any Contribution according to the Project Agreements, the registered capital of the Relevant Equity Interest are payable by DWT in the same manner as the HK Co. Assuming (i) DWT eventually holds 20% of the Equity Interest, (ii) GWFT has not made any Contribution according to the Project Agreements and (iii) the terms in respect of registered capital contribution in the Revised Project Agreements remain unchanged since the Latest Practicable Date, the details of registered capital contribution in respect of the Relevant Equity Interest are as follows:

Date of issue of payment notice by GWFT	Maximum Amount Payable in RMB	Approximate equivalent in HK\$	Proportion of registered capital to be paid in respect of the Relevant Equity Interest
1st instalment: within 3 Business Days after the date of Joint Venture Agreement B	32,500,000	39,975,000	25%
2nd instalment: after the preparation work of subjecting the Project Land for the Land Bid is accomplished	39,000,000	47,970,000	30%
3rd instalment: within 30 days after the contract for acquisition of the Project Land is signed	32,500,000	39,975,000	25%
4th instalment: within 90 days after the contract for acquisition of the Project Land is signed	26,000,000	31,980,000	20%

LETTER FROM THE BOARD

If the Project Agreements have been executed before the Company obtains the Approval and GWFT has made any Contribution accordingly, DWT shall deposit the same amount of money into its own Designated Account within 7 days after the execution of the Revised Project Agreements, whilst GWFT may withdraw such amount from its own Designated Account.

The exact amount of registered capital contribution by DWT could only be fixed on the date of Revised Project Agreements. However, the Maximum Contribution shall not exceed RMB130,000,000 (equivalent to about HK\$159,900,000), which is equal to the maximum amount of registered capital payable by GWFT in relation to 20% of Equity Interest.

The registered capital contribution by DWT is funded by the internal resources of the Group.

Other Major Terms: If the Project Agreements have been executed before the Company obtains the Approval and:

- (a) If any dividend is declared or distributed or any other distribution is made by the Target Company before the execution of the Revised Project Agreements in respect of the Relevant Equity Interest, GWFT shall pay to DWT such dividend or distribution declared to or received by GWFT within 21 Business Days after the execution date of the Revised Project Agreements.
- (b) If any Compensation Distribution is made by GWFT before the execution of the Revised Project Agreements, GWFT shall pay to DWT such portion of the Compensation Distribution the Relevant Equity Interest when the Compensation Distribution is paid to each of the Direct Investor(s) and HK Co. Nevertheless, if the Revised Project Agreements have not been entered into on or before 30 June 2013 (or such other later date as agreed in writing between GWFT and DWT), DWT shall return to GWFT the Compensation Distribution previously received by it.

Information of the Target Company and the Project

The Target Company to be established in Tianjin the PRC will be a sino-foreign joint venture company with limited liability. The total investment amount of the Target Company is expected to be RMB1,200,000,000 (equivalent to about HK\$ 1,476,000,000), whilst the maximum amount of registered capital of the Target

LETTER FROM THE BOARD

Company shall not exceed RMB650,000,000 (equivalent to about HK\$799,500,000). The exact amount of the total investment and registered capital of the Target Company are subject to approval by the relevant authorities in the PRC. No commitment is made by DWT and the prospective shareholders of the Target Company to provide any shareholders' loan for the Target Company. The shortfall between the total amount of investment and the registered capital of the Target Company may be funded by external financing or shareholders' loan (if so agreed by all the investors of the Target Company).

The Target Company is to be engaged in the development of the Project on the Project Land and the construction and sale of residential and commercial premises (including office, shops and hotel) on the above Project Land. It is expected that the Project will occupy approximately 24,300 square metres and have the gross floor area of about 100,000 square metres, around 55% of which will be for the residential premises whereas the other 45% will be for the commercial premises. The exact Project area and floor areas for residential and commercial premises may vary depending on the town planning policy of the PRC government and the final development plan of the Target Company.

Formation of the Target Company

The formation of the Target Company remains incomplete when the Target Company obtains the temporary approval licence as described in the section headed "BACKGROUND" above. It is expected that the formation could only be completed after the Project Land is successfully bid by the Target Company by 30 June 2013 (or such later date as all parties to the Project Agreements or Revised Project Agreements agree).

Capital Structure

Pursuant to the Letter of Intent, it has been agreed that, subject to the fulfilment of the conditions as set out in the Letter of Intent, DWT will at least hold 15% and at most hold 20% of the Equity Interest. Subsequent to the date of the Announcements and as at the Latest Practicable Date, the percentage shareholding of prospective shareholders of the Target Company has changed slightly as a result of further negotiations. Assuming (i) the respective percentage shareholding of each prospective shareholder remains the same as that known to the Company as at the Latest Practicable Date; (ii) no new investors indicates their interest in the Project and (iii) the registered capital of the Target Company is at the maximum amount as agreed under the Letter of Intent (i.e. RMB650,000,000 (equivalent to approximately HK\$799,500,000)), the investment and the percentage shareholding of each shareholder of the Target Company immediately after the completion of the Investment are as follows:

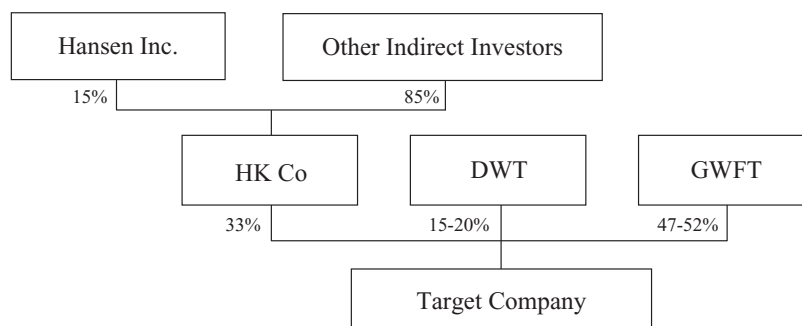
LETTER FROM THE BOARD

Investors	Investment in the registered capital of the Target Company		Percentage shareholding
	(RMB)	(HK\$)	
GWFT	305,500,000 – 338,000,000	375,765,000 – 415,740,000	47-52%^
– Equity Interest GWFT intends to take up as at the Latest Practicable Date	195,000,000	239,850,000	30%
– Extra proportion of equity Interest might be taken up by GWFT	110,500,000 – 143,000,000	135,915,000 – 175,890,000	17-22%
DWT	97,500,000 – 130,000,000	119,925,000 – 159,900,000	15-20%
HK Co*	<u>214,500,000</u>	<u>263,835,000</u>	<u>33%</u>
Total	<u>650,000,000</u>	<u>799,500,000</u>	<u>100%</u>

* *Note:* the interests of the Indirect Investors in the Target Company are represented by the shareholding of the HK Co.

^ *Note:* GWFT intends to take up 30% Equity Interest (exclusive of the Relevant Equity Interest). As at the Latest Practicable Date, there was still 17-22% of the Equity Interest not being taken up by any Investors. If, however, no Other Investors are interested in taking up such Equity Interest, GWFT will take up such extra proportion. Thus, the exact percentage shareholding of GWFT may vary depending on the percentage shareholding of Other Investors and the percentage shareholding acquired or committed by DWT.

The shareholding structure of the Target Company immediately after the completion of the Investment is depicted as below:



Reasons for and Benefit of the Investment

The Project aims to develop the Project Land into a residential and business complex in the city centre of Tianjin. Given the large scale of the Project and the prime location of the Project Land in Tianjin, the Directors are of the view that the Investment presents a potentially good investment with high return in the real estate sector. In view of the rapid economic growth in Tianjin, the Directors are of the view

LETTER FROM THE BOARD

that the Investment enables the Group to derive a new source of revenue and that the Investment will have positive impact on the Group's consolidated financial results attributable to the Shareholders. Since Tianjin is an important base of the Group's operation, it is expected that the Project will enhance the Group's reputation in Tianjin area and the business relationship with the local government, thus strengthen the Group's business presence in Tianjin.

The Directors believe that the terms of the Investment, Transaction Agreements and the transactions contemplated thereunder are (i) on normal commercial terms and (ii) fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES REQUIREMENTS

Various Continuing Connected Transactions and Renewal of Various Continuing Connected Transactions and Revision of Annual Caps for Continuing Connected Transactions

Great Wall Enterprise is the ultimate controlling shareholder of the Company. As at the Latest Practicable Date, Great Wall Enterprise indirectly holds approximately 52.04% through two of its wholly owned subsidiaries, namely Waverley Star Limited as to approximately 37.00% and Asia Nutrition Technologies Corporation as to approximately 15.05%. Marubeni Corporation, the ultimate holding company of Marubeni PRC, is a substantial shareholder of a subsidiary of the Company. Therefore, each of Great Wall Enterprise, Marubeni Corporation and Marubeni PRC is a connected person of the Company under the Listing Rules.

Based on the proposed annual caps for the three years ending 31 December 2015 of the transactions to be involved, the transactions under the MB Master Supply (Renewal 2012) Agreement, the MB Master Purchase (Renewal 2012) Agreement, the GW Master Supply Agreement (2012) and the GW Master Purchase Agreement (2012) are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to the Listing Rules, if the Company proposes to revise the annual caps under the continuing connected transactions, the Company is required to re-comply with the relevant provisions under Chapter 14A of the Listing Rules. As some of the applicable percentage ratios with reference to the Revised Annual Cap exceed 5%, the continuing connected transaction is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Proposed Variation Deed

In relation to the Variation Deed, Great Wall Enterprise agrees to waive its rights to receive royalties under GW Trademarks Licence (Renewal) Deed and any of its subsequent renewal agreement. Based on the historical figures, the Company expects that it will save the cost for approximately RMB 7 million annually. Though, based on such annual amount, the proposed Variation Deed is only subject to the reporting and announcement requirements

LETTER FROM THE BOARD

under Chapter 14A of the Listing Rules, the Company will seek the Independent Shareholders' approval for the entering into the Variation Deed at the EGM for good corporate governance purpose.

Discloseable and Connected Transaction – Possible Investment in 15-20% Equity Interest in a Joint Venture Company in PRC

As the applicable percentage ratios in respect of the Investment are more than 5% but less than 25%, the Investment constitutes a discloseable transaction under Chapter 14 of the Listing Rules and is thus subject to the announcement and reporting requirements.

Great Wall Enterprise is a connected person of the Company by virtue of its approximately 52.04% indirect shareholding in the Company. As an indirect subsidiary of Great Wall Enterprise, GWFT is an associate of Great Wall Enterprise pursuant to Rule 1.01.

Apart from the aforesaid, Mr. Han Jia-Hwan, Mr. Han Chia-Yin, Mr. Han Chia-Yau and Mr. Harn Jia-Chen are also connected persons of the Company by virtue of their roles as Directors. The above Directors jointly own 100% interest in Hansen Inc., which will be an Indirect Investor holding 5% of the Target Company. Since the above Directors are brothers, Hansen Inc. and HK Co, a wholly-owned subsidiary of Hansen Inc. as at the Latest Practicable Date, are associates of the above Directors pursuant to Rule 14A.11(4).

Given (i) GWFT is an associate of Great Wall Enterprise and (ii) Hansen Inc. and HK Co are associates of the abovementioned Directors pursuant to Rule 1.01, GWFT, Hansen Inc. and HK Co are connected persons of the Company pursuant to Rule 14A.11(4). The transactions contemplated under the Letter of Intent and Transaction Agreements constitute non-exempt connected transactions for the Company under Chapter 14A of the Listing Rules and is subject to the announcement, reporting and Independent Shareholders' approval requirements.

The execution of the Transaction Agreements is subject to the obtaining by the Company of necessary approval from the Independent Shareholders under the Listing Rules. The Directors will convene an EGM to seek the approval of the Independent Shareholders on the Investment, the entering into of the Transaction Agreements and the transaction contemplated thereunder.

In accordance with Rules 14A.36 and 14A.36(2) of the Listing Rules, if any material change to the terms of the Transaction Agreements arises, including but not limited to the Company making additional commitment in respect of the investment amount of the Target Company, the Company will have to re-comply with Chapters 14 and/or 14A of the Listing Rules.

Given the establishment of the Target Company requires approval from the relevant authority in the PRC and the Project Land may or may not be successfully bid by the Target Company, the Investment and the transaction as contemplated under the Transaction Agreements may or may not materialise. Shareholders and potential investors in the Company are advised to exercise caution when dealing in the shares of the Company.

LETTER FROM THE BOARD

GENERAL INFORMATION ON THE PARTIES

The Group is one of the leading meat products and feed suppliers in the PRC with a particular focus on chicken meat products. For more information on the Group, please visit its official website at www.dfa3999.com (The information that appears in this website does not form part of this circular).

Great Wall Enterprise is a company incorporated in Taiwan whose principal business is production of soybean products, feeds and chicken meat processing.

Marubeni Corporation is a company incorporated in Japan whose shares are listed on Tokyo Stock Exchange Group, Inc. and whose principal business is trading of commodities including but not limited to agri-marine products, metal and mineral, and energy products.

Marubeni PRC is a company incorporated in the PRC whose principal business is production of raw materials and trading.

GWFT is a company established in the PRC whose principal business is the production of wheat flour.

EGM

The EGM will be held at 2 p.m. on 18 December 2012, Tuesday at Xiamen Suite 1-11, 3/F Prince Hotel, Harbour City, Kowloon, Hong Kong, at which resolutions will be proposed for the purpose of considering and if thought fit, approving (i) the Non-Exempt Transactions and their respective proposed annual caps, (ii) the revision of annual cap for the year ending 2012 for MB Master Supply (Renewal) Agreement, (iii) the proposed Variation Deed and (iv) the Investment, the entering into of the Transaction Agreements and the transaction contemplated thereunder. The notice of the EGM is set out on pages 89 and 92 of this circular.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrars in Hong Kong, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 17 October 2012 to 18 December 2012, both days inclusive, for the purpose of determining the entitlements of the Shareholders to attend and vote at the EGM. No transfer of the shares of the Company may be registered on that day. In order to qualify for the aforesaid entitlements, all transfers

LETTER FROM THE BOARD

accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on 14 December 2012.

RECOMMENDATIONS

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 46 to 47 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders regarding the resolutions to approve (A) the Non-Exempt Transactions and their respective proposed annual caps for the three years ending 31 December 2015, (B) the revision of the annual cap in 2012 for MB Master Supply (Renewal) Agreement, (C) the proposed Variation Deed and (D) the Investment, the entering into of the Transaction Agreements and the transaction contemplated thereunder; (ii) the letter from REORIENT set out on pages 48 to 81 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the fairness and reasonableness of the terms of (A) the Non-Exempt Transactions and their respective proposed annual caps for the three years ending 31 December 2015, (B) the revision of the annual cap in 2012 for MB Master Supply (Renewal) Agreement, (C) the proposed Variation Deed and (D) the Investment, the Transaction Agreements and the transaction contemplated thereunder; and (iii) additional information set out in the appendix to this circular. You are strongly advised to read each of the above letters and the appendix before reaching a decision in respect of the resolutions to be proposed at the EGM.

The Independent Board Committee, having taken into account the advice of REORIENT, the independent financial adviser, considers that the Non-Exempt Transactions, the revision of the annual cap in 2012 for MB Master Supply (Renewal) Agreement, the proposed Variation Deed and the Investment, the Transaction Agreements and the transaction contemplated thereunder are in the interests of the Company and the Independent Shareholders as a whole and that the Non-Exempt Transactions and the terms thereof and their respective proposed annual caps for the three years ending 31 December 2015, the revision of the annual cap in 2012 for MB Master Supply (Renewal) Agreement, the proposed Variation Deed and the Investment, Transaction Agreements and the transaction contemplated thereunder are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM in respect of the Non-Exempt Transactions and their respective proposed annual caps for the three years ending 31 December 2015, the revision of the annual cap in 2012 for MB Master Supply (Renewal) Agreement, the proposed Variation Deed and the Investment, the Transaction Agreements and the transaction contemplated thereunder.

The Board considers that the Non-Exempt Transactions are (i) in the ordinary and usual course of business of the Group and (ii) on normal commercial terms after arm's length negotiations between the parties, and consider that the terms of the Non-Exempt Transactions and the proposed annual caps therefor are fair and reasonable and in the interests of the Company and its shareholders as a whole. The Board also considers that the revision of the annual cap in 2012 for MB Master Supply (Renewal) Agreement and the proposed Variation Deed are fair and reasonable and in the interest of the Company and its shareholders as a whole. In respect of the transaction contemplated under the Letter of Intent

LETTER FROM THE BOARD

and Transaction Agreements, the Board considers that they are on normal commercial terms after arm's length negotiations between the parties and are fair and reasonable and in the interest of the Company and its shareholders as a whole.

The Board considers that the resolutions proposed in the notice of EGM are in the best interests of the Company and the Independent Shareholders and therefore recommend you to vote in favour of all the relevant resolutions to be proposed at the EGM.

Yours faithfully,
By order of the Board
Han Jia-Hwan
Chairman



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)

3 December 2012

To: the Independent Shareholders

Dear Sir or Madam,

**(1) VARIOUS CONTINUING CONNECTED TRANSACTIONS AND
RENEWAL OF VARIOUS CONTINUING CONNECTED TRANSACTIONS
(2) REVISION OF ANNUAL CAPS FOR
CONTINUING CONNECTED TRANSACTIONS
(3) PROPOSED VARIATION DEED
(4) DISCLOSEABLE AND CONNECTED TRANSACTION – POSSIBLE
INVESTMENT IN 15-20% EQUITY INTEREST IN
A JOINT VENTURE COMPANY IN PRC**

We refer to the circular of the Company dated 3 December 2012 of the Company (the “Circular”) to the Shareholders, of which this letter forms part. Terms defined in the Circular bear the same meanings in this letter unless the context otherwise requires.

We have been appointed as the members of the Independent Board Committee to consider and advise the Independent Shareholders in respect of the terms of the Non-Exempt Transactions and their respective proposed annual caps for the three years ending 31 December 2015, the revision of the annual cap in 2012 for MB Master Supply (Renewal) Agreement, the proposed Variation Deed, the Investment, the Transaction Agreements and the transaction contemplated thereunder, details of which are set out in the Circular.

We wish to draw your attention to the letter from the Board and the letter of advice from REORIENT set out on pages 10 to 45 and pages 48 to 81 of the Circular respectively.

Having taken into account the advice of REORIENT, the independent financial adviser, we consider that the Non-Exempt Transactions and the terms thereof and their respective proposed annual caps for the three years ending 31 December 2015, the revision of the annual cap in 2012 for MB Master Supply (Renewal) Agreement, the proposed Variation Deed and the Investment, the Transaction Agreements and the transaction contemplated thereunder are in the interests of the Company and the Independent Shareholders as a whole and are fair and reasonable so far as the Company and the Independent Shareholders are

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM in respect of the Non-Exempt Transactions and their respective proposed annual caps, the revision of the annual cap in 2012 for MB Master Supply (Renewal) Agreement, the proposed Variation Deed and the Investment, the Transaction Agreements and the transaction contemplated thereunder.

Yours faithfully,

Chen Chih, Liu Fuchun and Way Yung-Do
Independent Board Committee

LETTER FROM REORIENT

The following is the text of a letter of advice from REORIENT Financial Markets Limited, the independent financial adviser to the Independent Board Committee and Independent Shareholders, for the purpose of incorporation into the circular.



Suites 1102-03, Far East Finance Centre
16 Harcourt Road, Admiralty, Hong Kong

3 December 2012

The Independent Board Committee and Independent Shareholders
DaChan Food (Asia) Limited

Dear Sirs,

**(1) VARIOUS CONTINUING CONNECTED TRANSACTIONS AND
RENEWAL OF VARIOUS CONTINUING CONNECTED TRANSACTIONS
(2) REVISION OF ANNUAL CAPS FOR
CONTINUING CONNECTED TRANSACTIONS
(3) PROPOSED VARIATION DEED
(4) DISCLOSEABLE AND CONNECTED TRANSACTION – POSSIBLE
INVESTMENT IN 15-20% EQUITY INTEREST IN
A JOINT VENTURE COMPANY IN PRC**

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in connection with (i) the GW Master Supply Agreement (2012), the GW Master Purchase Agreement (2012), the MB Master Supply (Renewal 2012) Agreement and the MB Master Purchase (Renewal 2012) Agreement (the “New Agreements”) and the respective proposed annual caps for the three years ending 31 December 2015; (ii) the proposed revised annual cap for the year ending 31 December 2012 for the transactions contemplated under the MB Master Supply (Renewal) Agreement (the “Revised Annual Cap”); (iii) the Variation Deed and (iv) transactions contemplated under the Letter of Intent and other Transaction Agreements (i.e. the Investment), details of which are set out in the circular of the Company dated 3 December 2012 (the “Circular”) of which this letter forms part. Capitalised terms used in this letter have the same meanings as defined in the Circular, unless the context requires otherwise.

Great Wall Enterprise is the ultimate controlling shareholder of the Company and Marubeni Corporation, the ultimate holding company of Marubeni PRC, is a substantial shareholder of a subsidiary of the Company. Accordingly, each of Great Wall Enterprise, Marubeni Corporation and Marubeni PRC is a connected person of the Company under the Listing Rules. Based on the proposed annual caps for the three years ending 31 December

LETTER FROM REORIENT

2015 of the transactions to be involved under the New Agreements, the transactions under the New Agreements, together with the Revised Annual Cap are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In relation to the proposed Variation Deed, Great Wall Enterprise agrees to waive its rights to receive royalties under GW Trademarks Licence (Renewal) Deed and any of its subsequent renewal agreement. The Company proposed to seek the Independent Shareholders' approval for the entering into the Variation Deed at the EGM.

The transactions contemplated under the Transactions Agreements (as detailed in the section headed "The Investment" in this letter) involve the acquisition of the Relevant Equity Interest from GWE Group or the Direct Investment into the Target Company together with Great Wall Enterprise and other connected persons (i.e. Mr. Han Jia-Hwan, Mr. Han Chia-Yin, Mr. Han Chia-Yau and Mr. Harn Jia-Chen are also connected persons of the Company by virtue of their roles as Directors and the above Directors will indirectly invest in the Target Company), constitutes a non-exempt connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the announcement, reporting and independent shareholders' approval requirements.

Great Wall Enterprise and its associates are required to abstain from voting on the resolutions at the EGM to approve the GW Master Supply Agreement (2012), the GW Master Purchase Agreement (2012) and the annual caps for the three years ending 31 December 2015, the Variation Deed and the entering into of the Transaction Agreements and the transactions contemplated thereunder. Mr. Han Jia-Hwan, Mr. Han Chia-Yin, Mr. Han Chia-Yau and Mr. Harn Jia-Chen and their respective associates are required to abstain from voting on the resolution at the EGM to approve the entering into of the Transaction Agreements and the transactions contemplated thereunder. Marubeni Corporation, Marubeni PRC and their respective associates (should they have any Shares in the Company) are required to abstain from voting on the resolutions at the EGM to approve the MB Master Supply (Renewal 2012) Agreement, the MB Master Purchase (Renewal 2012) Agreement, the respective annual caps for the three years ending 31 December 2015 and the Revised Annual Cap.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Way Yung-Do, Mr. Liu Fuchun and Dr. Chen Chih has been established to give advice and recommendation to the Independent Shareholders. We, REORIENT Financial Markets Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the New Agreements, the Revised Annual Cap, the Variation Deed and the transactions contemplated under the Letter of Intent and other Transaction Agreements are on normal commercial terms, fair and reasonable so far as the interests of the Company and the Shareholders as a whole are concerned and in the ordinary and usual course of business of the Group.

In formulating our opinion, we have relied upon the information, facts and representations contained in the Announcements, the Circular and those supplied or made by the Directors and management of the Company to us. We have assumed that all such

LETTER FROM REORIENT

information, facts and representations were true and accurate in all respects at the time they were supplied or made and continue to be true and accurate as at the Latest Practicable Date and can be relied upon. We have no reason to doubt the truth, accuracy and completeness of such information and representations and have confirmed with the Directors and management of the Company that no material facts have been withheld or omitted from such information and representations.

We have taken all reasonable and necessary steps to comply with the requirements set out in Rule 13.80 of the Listing Rules. We consider that we have been provided with sufficient information to enable us to reach an informed view. We have not, however, conducted any independent verification of such information or any independent in-depth investigation into the business, affairs, financial position or prospects of the Group nor have we carried out any in-depth research on the Group, the Marubeni Group and the GWE Group.

CONTINUING CONNECTED TRANSACTIONS

In formulating our opinion on the Non-Exempt Transactions, we have taken into consideration the following principal factors:

Background of and reasons for the transactions

The Group is one of the leading meat products and animal feed suppliers in the PRC with a particular focus on chicken meat products and non-ruminant feeds. The Group distributes its products through domestic and international chain stores, distributors, supermarkets as well as the Group's own retail outlets and deli stores.

As set out in the annual report of the Company for the year ended 31 December 2011, in 2011, comparing to volatile global economy, the economy of China was relatively stable with steady growth. Rising household income has also propelled growth in China's consumer market, which in turn led to an increasing demand for animal protein products and animal feed products. Turnover of the Group amounted to approximately RMB9,551 million (equivalent to approximately HK\$11,748 million) and RMB11,216 million (equivalent to approximately HK\$13,796 million) for each of the two years ended 31 December 2010 and 2011, representing a year-on-year growth of approximately 17.4% in 2011. Profit attributable to equity shareholders of the Company amounted to RMB196.1 million (equivalent to approximately HK\$241.2 million) for the year ended 31 December 2011, representing a year-on-year growth of approximately 79.3% over that for the year ended 31 December 2010.

For the year ended 31 December 2011, turnover of the three main business segments grew steadily and the segments of chicken meat and livestock feeds remained the Group's largest turnover contributing segments, accounting for 45.8% and 40.8% of the Group's total turnover respectively, with approximately 82.5% of the Group's turnover derived from the PRC. As set out in the annual report of the Company for the year ended 31 December 2011, the Chinese Government has expressed its focus on the development of a highly modernized agricultural industry in its twelfth five-year plan. Further, the Chinese Government also emphasized on introducing a regulated

LETTER FROM REORIENT

supervisory system to ensure the importance of food safety. Supported by this policy, the Company expects that there will be an increasing customer's concern on food safety and the market demand for quality meat products will continue to grow.

The unaudited turnover of the Group during the six months ended 30 June 2012 continued to increase and amounted to approximately RMB5,478 million (equivalent to approximately HK\$6,738 million), representing an 8.3% increase over that for the six months ended 30 June 2011. The unaudited profit attributable to equity shareholders of the Company for the six months ended 30 June 2012 was approximately RMB44.8 million (equivalent to approximately HK\$55.1 million), representing a decrease of approximately 50.7% over that for the six months ended 30 June 2011. We understand from the Company that for the six months ended 30 June 2012, whilst the turnover of the Group increased, the margin of the Group fell as the market prices of pork and chicken meat dropped during the period and thus the prices of the Group's chicken meat products also fell. On the other hand, price of raw materials such as corn and soybean remained high and thus adversely affected the cost of the Group chicken farming operations. The gross profit margin therefore decreased from approximately 7.9% for the six months ended 30 June 2011 to approximately 6.3% for the six months ended 30 June 2012. Despite the fall in margin, sales and purchase transactions increase and lead to potentially increasing demand for the Non-exempted Transactions.

We understand that Great Wall Enterprise, the ultimate controlling shareholder of the Company, is a company incorporated in Taiwan whose shares are listed on Taiwan Stock Exchange and whose principal business is production of soybean products, feeds and chicken meat processing.

The GWE Group is both a supplier and a customer of the Group. The Group has from time to time sold products, such as raw materials for manufacturing animal feeds, chicken meat products, processed animal feeds and aquafeed products to the GWE Group under the GW Master Supply (Renewal) Agreement dated 23 November 2009 and the Toll-Milling Service Agreement dated 1 March 2011, which set out the master principles and terms of such transactions between the Group and the GWE Group. Besides, the Group has from time to time in its ordinary and usual course of business purchased raw materials, which are mainly raw materials for production of chicken processed food from the GWE Group under the GW Master Purchase (Renewal) Agreement dated 23 November 2009, which set out the master principles and terms of such transactions between the Group and the GWE Group.

We understand that Marubeni Corporation, the ultimate holding company of Marubeni PRC and a substantial shareholder of a subsidiary of the Company, is a company incorporated in Japan whose shares are listed on Tokyo Stock Exchange Group, Inc. and whose principal business is trading of commodities including but not limited to agri-marine products, metal and mineral, and energy products. Marubeni PRC is a company incorporated in the PRC whose principal business is production of raw materials and trading.

LETTER FROM REORIENT

The Marubeni Group is both a supplier and a customer of the Group. The Group has from time to time in its ordinary and usual course of business (i) sold products, such as processed foods, to Marubeni Corporation; and (ii) purchased raw materials, which mainly include soybean meal for chicken feed production from Marubeni PRC. In accordance with the Listing Rules, the MB Master Supply (Renewal) Agreement was entered into between the Company and Marubeni Corporation on 23 November 2009, to set out the master principles and terms of the sale of products by the Group to Marubeni Corporation. The MB Master Purchase (Renewal) Agreement was entered into between Marubeni PRC and the Company on 23 November 2009, to set out the master principles and terms of the purchase of raw materials by the Group from Marubeni PRC and its subsidiaries.

Except for the Toll-Milling Service Agreement which will expire on 31 December 2013, each of the GW Master Supply (Renewal) Agreement, the GW Master Purchase (Renewal) Agreement, the MB Master Supply (Renewal) Agreement and the MB Master Purchase (Renewal) Agreement will expire on 31 December 2012. The purpose of the entering into of the New Agreements is to extend the expiry date of all the above mentioned agreements to 31 December 2015 on substantially the same terms as the existing agreements.

The transactions under the GW Master Supply (Renewal) Agreement, the GW Master Purchase (Renewal) Agreement, the MB Master Supply (Renewal) Agreement, the MB Master Purchase (Renewal) Agreement and the Toll-Milling Service Agreement are carried as part of the principal businesses of the Group and are revenue in nature. The Company considers that the GWE Group and the Marubeni Group are reliable suppliers of quality raw materials to the Group. The sale of products such as raw materials for manufacturing animal feeds, chicken meat products and processed animal feeds to the GWE Group and processed food products to the Marubeni Group provides a steady income source to the Group. As the Non-Exempt Transactions shall be carried out in the ordinary and usual course of business of the Group, we agree with the Directors of the Group that the entering into of the New Agreements are in accordance with the relevant requirements of the Listing Rules, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Terms of the New Agreements

GW Master Supply Agreement (2012)

Pursuant to the GW Master Supply Agreement (2012), the Company shall sell and shall procure any and all members of the Group to sell and Great Wall Enterprise shall purchase and shall procure any and all members of the GWE Group to purchase the products of the relevant member of the Group and products manufactured by the relevant member of the Group in conformance with specifications and requirements specified by the relevant member of the GWE Group (including but not limited to the toll-milling service in respect of aquafeed products to be provided by the Group to the GWE Group for a service fee) on a non-exclusive basis in accordance with any written quotation of the relevant member of the Group which is accepted by the relevant member of the GWE Group, or any written order of the relevant member of the GWE

LETTER FROM REORIENT

Group which is accepted by the relevant member of the Group. Unless otherwise agreed between the parties, the relevant members of the Group shall be entitled to invoice the relevant member of the GWE Group for the price of the products sold on or after the delivery date and the relevant member of the GWE Group shall make the payment within 60 days of the date of the invoice of the relevant member of the Group.

The prices of the goods to be sold will be determined by reference to the actual cost of the goods sold by the Group (being the actual or budget costs of production and procurement incurred by the Group for the goods to be sold, e.g. raw material cost, processing and production costs, labour cost and other variable and fixed costs) and a reasonable profit margin determined by the relevant member of the Group taking into account the following:

- (a) any quoted price shall not be less than the price charged by the relevant member of the Group to an Independent Third Party when dealing on an arm's length basis having regard to any other special circumstances such as arm's length negotiated volume discounts; and
- (b) if no such comparable reference prices are available, the quoted price shall be determined by agreement between the parties based on (i) normal commercial terms that are considered to be fair and reasonable by the respective member of the Group and the GWE Group; and (ii) terms no less favourable to the relevant member of the Group than terms given by such relevant members of the Group to Independent Third Parties.

Subject to the approval from the Independent Shareholders, the GW Master Supply Agreement (2012) shall have a term of three years from 1 January 2013 to 31 December 2015 and subject to compliance with the applicable requirements of the Listing Rules regarding connected transactions, renewable for three years thereafter.

GW Master Purchase Agreement (2012)

Pursuant to the GW Master Purchase Agreement (2012), the Company shall purchase and shall procure any and all members of the Group to purchase and Great Wall Enterprise shall sell and shall procure any and all members of the GWE Group to sell the products of the relevant member of the GWE Group and products manufactured by the relevant member of the GWE Group in conformance with specifications and requirements specified by the relevant member of the Group (including but not limited to processing service provided by the GWE Group to the Group for a service or processing fee) on a non-exclusive basis in accordance with any written quotation of the relevant member of the GWE Group which is accepted by the relevant member of the Group, or any written order of the relevant member of the Group which is accepted by the relevant member of the GWE Group. Unless otherwise agreed between the parties, the relevant members of the GWE Group shall be entitled to invoice the relevant member of the Group for the price of the products sold on or after the delivery date and the relevant member of the Group shall make the payment within 60 days of the date of the invoice of the relevant member of the GWE Group.

LETTER FROM REORIENT

The prices of the goods to be purchased will be determined by reference to the actual cost of the goods purchased from the GWE Group (being the actual or budget costs of production and procurement incurred by the GWE Group for the goods to be sold, e.g. raw material cost, processing and production costs, labour cost and other variable and fixed costs) and a reasonable profit margin determined by the relevant member of the GWE Group taking into account the following:

- (a) any quoted price shall not be more than the price charged by the relevant member of the GWE Group to an Independent Third Party when dealing on an arm's length basis having regard to any other special circumstances such as arm's length negotiated volume discounts; and
- (b) if no such comparable reference prices are available, the quoted price shall be determined by agreement between the parties based on (i) normal commercial terms that are considered to be fair and reasonable by the respective member of the GWE Group and the Group; and (ii) terms no less favourable to the relevant member of the Group than terms available from Independent Third Parties.

Subject to the approval from the Independent Shareholders, the GW Master Purchase Agreement (2012) shall have a term of three years from 1 January 2013 to 31 December 2015 and subject to compliance with the applicable requirements of the Listing Rules regarding connected transactions, renewable for three years thereafter.

MB Master Supply (Renewal 2012) Agreement

Pursuant to the MB Master Supply (Renewal 2012) Agreement, the Company shall sell and shall procure any and all members of the Group to sell and Marubeni Corporation shall purchase the products of the Group in accordance with the purchase order placed by Marubeni Corporation which is accepted by the relevant member of the Group. Marubeni Corporation shall make payment for the products within the period and in the manner laid down in such purchase order.

The prices of the goods to be purchased will be determined by reference to the cost of production for the goods involved (being the actual or budget costs of production and procurement incurred by the Group for the goods to be sold, e.g. raw material cost, processing and production costs, labour cost and other variable and fixed costs) and using the same price determination basis as that adopted by the relevant member of the Group from time to time for sale of the goods to its other customers who are Independent Third Parties. The Group shall not be obliged to accept any order from Marubeni Corporation for the goods on terms and conditions that are less favourable to the Group than those agreed between the Group and its other customers for the goods that are Independent Third Parties.

Subject to the approval from the Independent Shareholders, the MB Master Supply (Renewal 2012) Agreement shall have a term of three years from 1 January 2013 to 31 December 2015. Either party may terminate the agreement by giving the other party three months' prior written notice.

LETTER FROM REORIENT

MB Master Purchase (Renewal 2012) Agreement

Pursuant to the MB Master Purchase (Renewal 2012) Agreement, the Company shall purchase and shall procure members of the Group to purchase and Marubeni PRC shall sell and shall procure members of the Marubeni Group to sell products on individual sale and purchase contracts to be entered into by the relevant member of the Marubeni Group and the relevant member of the Group provided that the terms offered by Marubeni Group to the Group should adhere to the fair market price ranges of products comparable to products as offered in the PRC market as at the time when the relevant sale and purchase is performed.

If no comparable prices from Independent Third Parties are available for references, the terms shall be determined by agreement between the parties based on normal commercial terms that are considered to be fair and reasonable by the respective member of the Marubeni Group and the respective member of the Group. Subject to the guiding principles as aforesaid, the relevant members of the Group and the Marubeni Group will negotiate on the terms of contracts and enter into individual sale contract for the sale and purchase of the products.

Subject to the approval from the Independent Shareholders, the MB Master Purchase (Renewal 2012) Agreement shall have a term of three years from 1 January 2013 to 31 December 2015. Subject to compliance with the applicable requirements of the Listing Rules regarding connected transactions, after the expiration of the initial term, both parties may extend the agreement for one or more successive periods of three years by giving one month's prior written notice to the other party.

The Company has confirmed that the relevant transactions have been carried out in accordance with the terms of the GW Master Supply (Renewal) Agreement, the GW Master Purchase (Renewal) Agreement, the MB Master Supply (Renewal) Agreement, the MB Master Purchase (Renewal) Agreement and the Toll-Milling Service Agreement. We also note from the annual report of the Company for the year ended 31 December 2011 that the auditors and the independent non-executive directors of the Company have reviewed the Group's connected transactions and have confirmed that, among other things, the relevant transactions carried out in the year ended 31 December 2011 were carried out in the accordance with the terms of the above agreements.

We have also reviewed certain information provided to us by the management of the Company, including some invoices, pricing information and payment terms of some actual transactions under the GW Master Supply (Renewal) Agreement, the GW Master Purchase (Renewal) Agreement, the MB Master Supply (Renewal) Agreement and the MB Master Purchase (Renewal) Agreement carried out in late 2011 and 2012 and those of some comparable or similar transactions with Independent Third Parties. Based on the above information and our discussions and understanding from the Company in respect of the particular circumstances of the pricing and other considerations of the selected transactions, we agree with the Company that those selected transactions were carried out based on the terms of the relevant master agreements.

LETTER FROM REORIENT

The pricing terms of the New Agreements which are substantially the same with those of the existing agreements principally require the Non-Exempt Transactions to be priced with reference to market prices or prices of similar products between the Group and Independent Third Parties. Where there are no comparable products from Independent Third Parties, the prices shall then be determined by agreement between the parties. Such mechanism (as further described below) shall be applicable to all the goods supplied or purchased under the four master agreements.

Where there are same goods sold or purchased by the Group from Independent Third Parties, the Group will refer to the prices of those comparable goods when agreeing the selling prices or purchase prices with the GWE Group or the Marubeni Group. We also understand that the Group will also consider the quality of goods supplied and the track record of the suppliers when agreeing the purchase prices in the case of sourcing. Alternatively, where there are no comparable prices of the relevant products from Independent Third Parties for similar, relevant or substituting products are available under the four master agreements, the prices shall then be determined by agreement between the parties based on (i) normal commercial terms of similar, relevant or substituting products that are considered to be fair and reasonable by the respective members of both parties; (ii) the impact of the prices of the relevant products on the cost of the production of the relevant parties; and (iii) profit margins of the Group with reference to profit margins of other similar products, the overall profit margins of the relevant members of the Group and the cost of production using other similar substituting products as well as the quality of the goods so produced.

We have sample checked some actual transactions selected by us and reviewed the relevant pricing information provided to us by the management of the Company. Based on our review, in respect of such Non-Exempted Transactions where comparable products from Independent Third Parties were available, the prices for such Non-Exempted Transactions were determined with reference to the comparable prices or markets prices. We have also reviewed some pricing information on those Non-Exemption Transactions where comparable products from Independent Third Parties were not available, in such case the prices were determined with reference to, among other factors, the costs of production and profit margins which were determined with reference to the overall profit margins of the relevant members of the Group.

Based on the transaction history between the Group and the GWE Group and between the Group and the Marubeni Group, and based on our discussions with the Company, we consider that the terms of the New Agreements are fair and reasonable so far as the interests of the Group and the Independent Shareholders are concerned and the Non-Exempt Transactions which may be carried out pursuant to the terms of the New Agreements will be on normal commercial terms.

LETTER FROM REORIENT

The caps under the New Agreements

The following table sets out the respective historical amounts of the Non-Exempted Transactions as described above for the two years ended 31 December 2011 and the 6 months ended 30 June 2012 as extracted from the Letter from the Board to this circular:

Continuing Connected Transactions		For the year ended 31 December 2010 (audited)^{Note 1}	For the year ended 31 December 2011 (audited)^{Note 2}	For the 6 months ended 30 June 2012 (unaudited)^{Note 3}
		<i>USD'000 (RMB'000)</i>	<i>USD'000 (RMB'000)</i>	<i>USD'000 (RMB'000)</i>
GW Master Supply Agreement (2012)	Actual	515 (3,410)	#11,815 (74,448)	#6,532 (41,317)
	Existing annual caps for GW Master Supply Agreement (Renewal)	617 (4,086)	#23,660 (149,082)	*#34,244 (216,590) * for the year ending 31 December 2012 #including the figures for Toll-Milling Service Agreement
Toll-Milling Service Agreement	Actual	N/A	11,309 (71,258)	6,315 (39,939)
	Existing annual caps for the Toll-Milling Service Agreement	N/A	22,931 (144,488)	*33,382 (211,138) * for the year ending 31 December 2012
GW Master Purchase Agreement (2012)	Actual	3,382 (22,398)	3,903 (24,592)	1,670 (10,562)
	Existing annual caps for GW Master Purchase Agreement (Renewal)	4,693 (31,082)	5,682 (35,802)	*7,126 (45,071) * for the year ending 31 December 2012

LETTER FROM REORIENT

Continuing Connected Transactions		For the year ended 31 December 2010 (audited) ^{Note 1}	For the year ended 31 December 2011 (audited) ^{Note 2}	For the 6 months ended 30 June 2012 (unaudited) ^{Note 3}
		<i>USD'000</i> <i>(RMB'000)</i>	<i>USD'000</i> <i>(RMB'000)</i>	<i>USD'000</i> <i>(RMB'000)</i>
MB Master Supply Agreement	Actual	22,640 (149,945)	29,073 (183,187)	19,570 (123,777)
	Existing annual cap for MB Master Supply Agreement (Renewal)	24,948 (165,231)	30,125 (189,818)	*36,376 (230,075) * for the year ending 31 December 2012
MB Master Purchase Agreement	Actual	3,919 (25,956)	4,365 (27,505)	2,014 (12,740)
	Existing annual cap for MB Master Purchase Agreement (Renewal)	13,584 (89,967)	19,917 (125,497)	*23,567 (149,059) * for the year ending 31 December 2012

Notes:

1. The exchange rate of USD1.00 = RMB 6.623 has been used.
2. The exchange rate of USD1.00 = RMB 6.301 has been used.
3. The exchange rate of USD1.00 = RMB 6.325 has been used.

Set out below are the proposed annual caps for the Non-Exempt Transactions for the three years ending 31 December 2015:

Non-Exempt Transactions	For the years ending 31 December		
	2013	2014	2015
	<i>RMB'000</i> <i>(USD'000)</i>	<i>RMB'000</i> <i>(USD'000)</i>	<i>RMB'000</i> <i>(USD'000)</i>
GW Master Supply Agreement (2012)	250,000 (39,526)	300,000 (47,432)	360,000 (56,918)
GW Master Purchase Agreement (2012)	50,000 (7,905)	60,000 (9,486)	70,000 (11,067)
MB Master Supply Agreement (Renewal 2012)	350,000 (55,337)	400,000 (63,242)	450,000 (71,147)
MB Master Purchase Agreement (Renewal 2012)	60,000 (9,486)	60,000 (9,486)	60,000 (9,486)

LETTER FROM REORIENT

We understand from the Company that the proposed annual caps for the transactions under the GW Master Supply Agreement (2012) are determined after taking into account the following factors:

- (a) the historical sales and the anticipated growth in sales of the Group's products to the GWE Group; and
- (b) a possible increase in the price of the products, arising from possible inflation.

We understand from the Company that the proposed annual caps for the transactions under the GW Master Purchase Agreement (2012) are determined after taking into account the following factors:

- (a) the historical procurement and the anticipated growth in procurement of the GWE Group's products;
- (b) the projected production needs of the Group based on the existing production facilities; and
- (c) a possible increase in the price of the raw materials, arising from possible inflation.

We understand from the Company that the proposed annual caps for the transactions under the MB Master Supply (Renewal 2012) Agreement are determined after taking into account the following factors:

- (a) the historical sales and the anticipated growth in sales of the Group's products to Marubeni Corporation;
- (b) a projected demand for the Group's food products from Marubeni Corporation based on the production capacity of the Group in respect of the relevant food products; and
- (c) a possible increase in the price of the products, arising from possible inflation.

We understand from the Company that the proposed annual caps for the transactions under the MB Master Purchase (Renewal 2012) Agreement are determined after taking into account the following factors:

- (a) the historical procurement and the anticipated growth in procurement of Marubeni Corporation's products;
- (b) the projected production needs of the Group's existing raw material production plants based on their existing production capacity and the planned increase in production volume in 2013; and

LETTER FROM REORIENT

- (c) a possible increase in the price of the raw materials, arising from possible inflation.

We have discussed with the management of the Company and reviewed the basis of computation of the proposed annual caps for each class of the Non-Exempt Transactions. We note that when determining the proposed annual caps, the Company has considered the estimated possible amount of each class of the Non-Exempt Transactions based on:

- (a) the growing trend of the Group's sales with an increase in turnover of approximately 32.0%, 12.6% and 17.4% for each of the years ended 31 December 2008, 2010 and 2011 (except for a decrease in turnover for the year ended 31 December 2009 of approximately 5.3%);
- (b) the existing production level and the estimated future production level of the Group;
- (c) the Company's business plan in relation to the development of the native chicken business which will require additional processing services from the GWE Group to the Group and thus is expected to lead to an increase in the processing fee payable to the GWE Group by the Group;
- (d) expansion of the Company's production capacity by approximately 50% with two new processed food plants which are expected to commence operation in 2013 and thus shall potentially increase the Group's production volume;
- (e) the Group's plan to further develop the export market of food products to Japan which may lead to a potential increase in the sales of the Group;
- (f) the plan of a subsidiary of Marubeni Corporation to develop the processed food business in the PRC from 2013 which may source processed food products from the Group and thus it is expected that there shall be an increase in the sales of the Group's products to the Marubeni Group; and
- (g) the projected future price level after having taken into account of the possible increase in raw materials and selling prices due to inflation.

We understand from the Company that when determining the cap amounts, it has discussed with the GWE Group and the Marubeni Group about and has taken into account their business plans. The Directors consider the above factors and bases as a whole fair and reasonable in determining the proposed annual caps for the Non-Exempt Transactions. In addition to our discussions with the management of the Company, we have also reviewed the information provided by the Company in respect of (i) the historical transaction value of the Non-Exempt Transactions; (ii) the Group's plan to increase its production capacity in the coming years; and (iii) historical inflation rates in the PRC and Vietnam.

LETTER FROM REORIENT

We also note that the Company has built in a buffer into the proposed annual caps to cope with any unexpected fluctuations in demand for the Group's relevant products and further increase in prices. We agree with the Company that it is in its interests and fair and reasonable to build in the buffer in the proposed annual caps given that (a) all the Non-Exempt Transactions are revenue transactions to be carried out in connection with the production and sales of the Group's products in its ordinary and usual course of business; (b) the terms of the respective master agreements governing the Non-Exempt Transactions are fair and reasonable and (c) the Non-Exempt Transactions will be reviewed annually by the independent non-executive directors and auditors of the Company, so that the Group will maintain some degree of flexibility in carrying out its normal business activities without the need of incurring additional compliance cost.

Having taken into account of the basis and computations of the proposed annual caps for the Non-Exempt Transactions for the three years ending 31 December 2013, 2014 and 2015, the historical growth in the sales of the Group, the prospects and outlook of the Group as stated in the Company latest annual report for the year ended 31 December 2011 as summarized above in this letter, the Non-Exempt Transactions are in the ordinary and usual business of the Group, and that the New Agreements require the Non-Exempt Transactions to be priced on normal commercial terms, we consider the basis of determining the proposed annual caps fair and reasonable.

The Revised Annual Cap

As set out in the Letter from the Board, with the continuous business growth and improving market conditions, the Company notes that the existing annual cap for the year ending 31 December 2012 of RMB230,075,000 (equivalent to approximately HK\$283 million) (the "Existing Annual Cap") will not be sufficient for the transactions under the MB Master Supply (Renewal) Agreement for the year ending 31 December 2012, and therefore proposes that the Existing Annual Cap be revised to RMB300 million (equivalent to approximately HK\$369 million).

We understand from the Company that during the period from January to October 2012, the historical sales amount under the MB Master Supply (Renewal) Agreement amounted to approximately RMB212.5 million (equivalent to approximately HK\$261.4 million), representing approximately 92% of the Existing Annual Cap. We further understand from the Company that as of 15 November 2012, for the period from November to December 2012, the Group has orders on hand received from the Marubeni Group and has sold products to the Marubeni Group amounting to approximately RMB31 million (equivalent to approximately HK\$38.1 million) in aggregate, when such amount is aggregated with the historical sales amount during the period from January to October 2012, it represents approximately 106% of the Existing Annual Cap. Accordingly, the Existing Annual Cap for the sales under the MB Master Supply (Renewal) Agreement in 2012 will not fully satisfy the demands and the Company accordingly proposes the Revised Annual Cap.

LETTER FROM REORIENT

We understand from the Company that the fast growth in the actual transaction volume is mainly due to a surge in the growth of demand for food products in 2012. The Company believes that this favourable market condition may continue. We understand from the Company that the Revised Annual Cap is determined based on the actual transaction amounts, orders on hand and potential further orders for the year.

In view of the above, we concur with the view of the Company that the Revised Annual Cap and the transactions contemplated thereunder are fair and reasonable, in the interests of the Company and the Shareholders as a whole.

VARIATION DEED

Background

Pursuant to the Non-Competition Deed dated 14 September 2007 executed by Great Wall Enterprise and the Company before the listing of the Company's shares on the Stock Exchange in October 2007, Great Wall Enterprise has undertaken to the Company not to, and procure its associates (other than the Group) not to, directly or indirectly, carry on or be engaged in, connected with or interested in the Restricted Business (the business carried out by the Group as at the date of the Non-Competition Deed, i.e. production and sales of non-ruminant feeds, chicken hatching, breeding and slaughtering, chicken meat and processed meat products) in the Restricted Territory (i.e. in which the Group carried out the Restricted Business (other than the region of Taiwan) as at the date of the Non-Competition Deed, namely Malaysia, PRC, Vietnam and Japan). Further, the parties have undertaken, pursuant to the Non-Competition Deed, that any opportunity to invest or participate in any business or venture involved in any business which would or may directly or indirectly compete with the Restricted Business or any part thereof outside the Restricted Territory and the region of Taiwan arises to any member of the GWE Group or the Group, each party shall not, and shall procure that no member of its group shall, invest or participate in any such business unless and until the other party has been offered the opportunity to co-invest or co-participate in such business.

The parties entered into the First Variation Deed on 25 June 2010 under which the Aquafeed Business was excluded from the scope of Restricted Business in the Non-Competition Deed as a result of a business opportunity in respect of Aquafeed Business in which the Company considered co-investing with the GWE Group would be beneficial to the Group. Subsequent to the execution of the First Variation Deed that the Aquafeed Business has already been excluded in the scope of the Restricted Business, a joint venture was set up between the Group and the GWE Group in 2011 which is held as to 40% by the Group (through its non-wholly owned subsidiary) and 60% by the GWE Group to carry out the Aquafeed Business.

The Group has been carrying on the Restricted Business in the Restricted Territory since 1990 and has been a leading supplier in the region. The Company believes that it has established its own business and position in the industry independently from the GWE Group. However, like the case of the co-investment of Aquafeed Business by the Group and the GWE Group as described above, the Group may encounter other opportunities that a co-investment with the GWE Group shall offer a better business prospects to the Group than

LETTER FROM REORIENT

the Group investing in the opportunities on a sole basis without the involvement of the GWE Group. In order to enable the Group to co-operate with the GWE Group on new business opportunities in relation to the Restricted Business in the Restricted Territory in the future, it is proposed that the Variation Deed be entered into between the Company and Great Wall Enterprise to supplement the Non-Competition Deed and the First Variation Deed. The Company believes that the Variation Deed may also help motivate the GWE Group to actively explore business opportunities in respect of the Restricted Business in the Restricted Territory as the GWE Group will be allowed to co-invest in such opportunities together with the Group.

The GWE Group is principally engaged in the production of soybean products, feeds and chicken meat processing. Based on the website of the GWE Group, the principal business segments of the GWE Group and the Group mainly comprise: (i) agri-basics business in Taiwan – the GWE Group is engaged in chicken breeding, hatching and related nutritional technology, contract farming and processing. The GWE Group also develops its business in pork, egg chicken, native chicken and aquatic fishery, (ii) meat processing and feed supply in the Restricted Territory (through the Group), (iii) flour milling, (iv) food services and (v) other businesses like aquaculture business. The Company believes that the GWE Group possesses some management and technical expertise which can potentially benefit the Group's business development in the future if the Group can leverage upon.

Variation Deed

It is proposed that the Variation Deed to be entered into between the Company and Great Wall Enterprise to supplement the Non-Competition Deed and the First Variation Deed after the Independent Shareholders have approved the entering into of the Variation Deed at the EGM.

Parties

- (i) the Company; and
- (ii) Great Wall Enterprise.

Major Terms

Under the Variation Deed, Great Wall Enterprise will undertake to the Company that any opportunity to invest or participate in any business or venture involved in any business which would or may directly or indirectly compete with the Restricted Business or any part thereof in the Restricted Territory arises to any member of the GWE Group, Great Wall Enterprise shall not, and Great Wall Enterprise shall procure that no member of the GWE Group shall, invest or participate in any such business unless and until the Company has been offered the opportunity to co-invest or participate in such business up to 50% (or such any other percentage that the parties may agree otherwise) in the investment that being made available to the GWE Group.

LETTER FROM REORIENT

Upon receipt of the new business opportunity offered by Great Wall Enterprise, the Company shall seek opinions and decisions from the Independent Board Committee. The Independent Board Committee may appoint an independent financial adviser for advice if necessary. In considering whether to co-invest or participate in such new business opportunity, the Independent Board Committee will take into account (including but not limited to) the following factors:

- (i) whether such new business opportunity will enhance the Company's profitability and competitive advantages in the business of the Group;
- (ii) whether such new business opportunity will attain profit within a reasonable period;
- (iii) whether such new business opportunity will be in line with the strategic development of the Group from time to time;
- (iv) whether the Company's funding capability and/or capital expenditure projection would allow the investment and participation in such a new business opportunity;
- (v) whether it will be in the best interests of the Shareholders as a whole; and
- (vi) any other factors that the Independent Board Committee thinks fit and appropriate.

If the Company elects to co-invest or participate in such a new business opportunity made available to it, the Company shall have the right to co-invest or participate up to 50% (or any other percentage that the parties may agree otherwise) in the investment that being made available to the GWE Group.

Under the Variation Deed, Great Wall Enterprise will also undertake to the Company that it shall, and shall procure all members of the GWE Group shall, grant to the Company:

- (i) a right to invest or participate in any business resulting from such new business opportunity that has been offered to, but has not been taken up by the Group and has been retained by the GWE Group, and in case that involves a transfer by the GWE Group to the Group of the GWE Group's interest in such business, the maximum extent of interest to be purchased by the Group shall be 50% (or any other percentage that the parties may agree otherwise) of that then owned by the GWE Group and the sale shall be on the basis of valuation conducted by an independent valuer jointly appointed by the Company and Great Wall Enterprise; and such right shall be valid for a period of two years after such business has been taken up by the GWE Group; and
- (ii) the pre-emptive rights to purchase the interests of the GWE Group in any business resulting from such new business opportunity that has been offered to, but has not been taken up by the Group and has been retained by the GWE Group, on terms no less favourable than those offered to third parties, if the GWE

LETTER FROM REORIENT

Group intends to transfer, sell, lease or license such interests to any third party, on the exercise of the pre-emptive rights by the Company, Great Wall Enterprise shall transfer such interests to the Company.

Upon receipt of the notice of such pre-emptive rights by Great Wall Enterprise, the Company shall seek opinions and decisions from the Independent Board Committee. The Independent Board Committee will take into account (including but not limited to) the factors as mentioned above.

If the Company decides not to co-invest or participate in such new business opportunity or not to exercise such pre-emptive rights, the Company will disclose details of such decision and basis thereof in the annual report of the Company for the relevant financial year.

In consideration of the Company agreeing to enter into the Variation Deed, Great Wall Enterprise agrees, with effect from the date of the Variation Deed, to waive its rights to receive royalties under GW Trademarks Licence (Renewal) Deed and any of its subsequent renewal agreement.

As set out in the announcement of the Company dated 6 November 2012, on 6 November 2012, Great Wall Enterprise and the Company entered into the GW Trademarks Licence (Renewal 2012) Deed pursuant to which Great Wall Enterprise shall grant to the Company (with a right to sublicense to any of its subsidiaries from time to time) an exclusive and non-transferable licence for use certain trademarks owned by the GWE Group in connection with the Group's business. The Company shall pay to Great Wall Enterprise royalties equal to 0.1% of the total annual net sales of the products of the Company attributable to the trademarks licensed under the deed. If the Variation Deed is executed and becomes effective, the Company will be able to use the trademarks for free for an indefinite period of time.

The fee waiver was agreed between the Group and the GWE Group based on an arm's length negotiation without quantitative bases. The Company considers that the deal is fair and reasonable in the absence of the fee waiver and that the fee waiver represents an additional benefit to the Company. For the two years ended 2010 and 2011 and for the six months ended 30 June 2012, the transaction amounts under the GW Trademarks Licence (Renewal) Deed amounted to approximately RMB6,352,000 (equivalent to approximately HK\$7.8 million), RMB7,596,000 (equivalent to approximately HK\$9.3 million) and RMB3,628,000 (equivalent to approximately HK\$4.5 million) respectively, representing approximately 5.8%, 3.9% and 8.1% to the profit attributable to the equity shareholders of the Company in the respective year or period. Based on the above historical figures and the continual development of the Group using the related trademarks, the Company believes that this represents a significant saving to the Company and thus will be beneficial to the Company.

LETTER FROM REORIENT

Business of the Group

The principal activities of the Group include manufacturing and trading of livestock feeds, poultry and chilled meats and processed foods. As set out in the table below, for the years ended 31 December 2010 and 2011, all of the turnover of the Group was derived from the Restricted Business and most of them were derived from the Restricted Territory.

	Year ended 31 December 2011 (RMB'000)	Year ended 31 December 2010 (RMB'000)
Sales of chicken meats	5,138,057	4,527,547
Sales of livestock feeds	4,577,340	4,068,331
Sales of processed foods	<u>1,500,545</u>	<u>955,881</u>
Total	<u>11,215,942</u>	<u>9,551,759</u>

Note: for the years ended 31 December 2010 and 2011, approximately 99% and 99% of the turnover derived from the PRC, Vietnam and Japan (i.e. the Restricted Territory) with a minimal amount derived from other Asia Pacific areas.

Reasons for and benefits of the Variation Deed

The Group has been carrying on the Restricted Business in the Restricted Territory since 1990. The Company believes that it has already established a strong business presence in the Restricted Business in the Restricted Territory independently from the GWE Group. It has become a leading supplier of the chicken meat business in the Restricted Territory. To further promote the Group's business, the Company considers that the experience and expertise of the GWE Group valuable and cooperation with the GWE Group can potentially beneficially as in the case of the Aquafeed Business. However, the Non-Competition Deed may prohibit the formation of joint ventures between the Group and the GWE Group in respect of any Restricted Business in the Restricted Territory.

As mentioned above, the First Variation Deed was entered into on 25 June 2010 under which the Aquafeed Business was excluded from the scope of Restricted Business in the Non-Competition Deed as a result of a business opportunity in respect of the development, production and sale of aquafeed in which the Company considered co-investing with the GWE Group will be beneficial to the Group. As set out in the circular of the Company dated 12 May 2010, the Group faced difficulties in the operation and development of the Aquafeed Business. On the other hand, the GWE Group had sufficient resources to develop the Aquafeed Business and had developed strong technical, research and development capabilities in the Restricted Business outside the Restricted Territory such as Taiwan. The co-operation and joint venture with the GWE Group was aimed to improve the prospects of Aquafeed Business by leveraging on the technical expertise of the GWE Group. The Company could only do this after the execution of the First Variation Deed.

LETTER FROM REORIENT

The shares of the Company were listed on the Stock Exchange in October 2007. The execution of the Non-Competition Deed was to facilitate the listing of the Company on the Stock Exchange as the GWE Group was also engaged in similar businesses as the Group's although in different areas. The Non-Competition Deed is for an indefinite term so long as the GWE Group remains a controlling shareholder of the Company.

We have reviewed the respective terms under the Non-Competition Deed and the Variation Deed. Pursuant to the Variation Deed, the Company will first be offered the opportunity to invest in the project identified by the GWE Group. The GWE Group will only be allowed to carry on a Restricted Business in the Restricted Territory without the Group subject to the absolute discretion of the Company of not to invest in the related project. Under the Variation Deed, the Group has the right to (without premium) participate or co-invest in any business identified by the GWE Group in respect of any Restricted Business up to 50% (or such any other percentage that the parties may agree otherwise) in the investment that being made available to the GWE Group. If the GWE Group decides not to invest or to invest less than 50% in the business opportunity, the Group may invest more than 50% in it. We understand from the Company that such limit is determined after arm's length negotiation between Great Wall Enterprise and the Company after taking into account the mutual benefits to the two companies. One of the major purposes of the Variation Deed is to encourage co-operation between the Group and the GWE Group in respect of new business opportunities that may arise from time to time. The 50:50 ratio gives both parties an equitable ground of joint co-operation between them. We agree with the Company that the Group has established a solid market position in respect of the Restricted Business in the Restricted Territory independent from the GWE Group. The Company also considers that giving Great Wall Enterprise a fair investment opportunity may help encourage Great Wall Enterprise to explore good new business opportunities and invest considerable resources to explore such new business opportunities which will in turn benefit both parties. The initial right of the Group to participate in any project identified and offered by the GWE Group to the Company (up to a 50% interest) shall not be subject to the approval of GWE's shareholders.

When evaluating the business opportunities offered to the Company, the decision of the Company will be subject to the Independent Board Committee, being independent non-executive directors of the Company who do not have a material interest in the matter, and shall be in a good position to independently assess the prospects of the opportunity without any influence from the GWE Group. Any decision of the Company regarding any opportunity offered to the Company under the Variation Deed will be publicly disclosed to ensure transparent and effective continual public monitoring.

The Independent Board Committee may appoint an independent financial adviser to advise on the matter if necessary. If the Company decides not to invest or participate in the new business opportunity made available to it and that the GWE Group decides to invest on its own, the Company shall be further granted a subsequent right, (a) to invest or participate in any business resulting from the new business opportunity in the Restricted Territory which has been offered to but has not been taken up by the Group and has been retained by the GWE Group up to 50% (or any other percentage that the parties may agree otherwise) of that then owned by the GWE Group, and the participation right shall be valid for a period of two years after such business has been taken up by the GWE Group; and (b) to purchase the

LETTER FROM REORIENT

interest of the relevant new business opportunity in the event that the GWE Group (other than the Group) intends to transfer, sell, lease or license such interests to any third party, on terms no less favourable than those offered to third parties.

The Variation Deed may lead to potential competition between the Group and the GWE Group if and only if the Group decides not to participate in the new business opportunity and the GWE Group invests on its own. There will not be any competition if the Company decides to invest in such new business opportunity. In addition, the Group will be given the subsequent right to invest in the business opportunity up to 50% of that then owned by the GWE Group for a period of 2 years after the GWE Group has invested in it. We consider that the subsequent participation right under the Variation Deed will allow the Company to reassess and reconsider the new business opportunity based on the actual development of the related business and the then financial conditions of the Group from time to time which will benefit the Group in keep tracking potentially good business opportunities that it may lose in the absence of this arrangement.

The above subsequent participation right is subject to the approval from the Great Wall Enterprise's shareholders, if and only if Great Wall Enterprise, after its due and careful consideration, is of the view that the exercise of the participation rights by the Company will cause material adverse effect to the future business development of the related business (and if the decision requires shareholders' approval of Great Wall Enterprise pursuant to any relevant rules and regulations), the Company will first be offered the opportunity to invest in the project identified by the GWE Group provided that Great Wall Enterprise use its best endeavour to obtain the necessary approval from the Great Wall Enterprise's shareholders. We understand that the exercise of the subsequent participation right is only subject to approval by the shareholders of Great Wall Enterprise only if there are reasonable grounds that the involvement of the Group will materially adversely affect the prospects of the business opportunity and the approval of shareholders of Great Wall Enterprise is required by applicable rules and/or regulations.

Based on the above and in particular, the existence of the participation right and the pre-emptive right, we concur with the Company that the protection on the part of the Group under the Non-Competition Deed will not be undermined while at the same time the Variation Deed will introduce a mechanism for the Company to participate in relevant business opportunities if and when the Company is of the view that such business opportunities are suitable and/or appropriate for the Company.

Besides, we concur on the Company's view that the Variation Deed and the transactions contemplated thereunder may potentially enhance the Company's competitiveness and improve its growth prospects by allowing the GWE Group to co-invest in some business opportunities which the Group would like to leverage on the expertise of the GWE Group and realizing operating synergies.

Any co-investment of the GWE Group and the Group in a business will be subject to the applicable connected transaction requirements under the Listing Rules and independent shareholders' approval if necessary. In view of (i) the established business position of the Group in respect of the Restricted Business in the Restricted Territory; (ii) the long history of the Group since its listing in 2007; (iii) the Variation Deed will offer the Group

LETTER FROM REORIENT

opportunities to co-operate with the GWE Group in new business opportunities with operational synergies and thus will enable the Company to leverage on Great Wall Enterprise's reputation, resources and expertise to participate in certain businesses that the Group, with its own capital and resources, may not have the opportunity to explore; (iv) the mechanism under the Variation Deed will continue to allow the Group to participate in every business opportunity identified by the GWE Group; (v) the decision as to whether to participate will be made by the Independent Board Committee the members of which will be independent from the GWE Group and do not have a material interest in the matter; (vi) even the Company decides not to invest initially, it will have the right to invest in such business for a period of two years after the GWE Group has undertaken the project; (vii) the Company shall comply with the relevant requirements under the Listing Rules including the reporting, announcement and independent shareholders' requirements (where appropriate) upon the exercise of the participation right or the pre-emptive right and (viii) as a monetary sweetener, the GWE Group agrees to waive any royalty payable by the Company under the GW Trademarks Licence (Renewal) Deed and any successor agreements, we consider the terms of Variation Deed are on normal commercial terms, fair and reasonable and in the interest of the Company and its shareholders as a whole.

THE INVESTMENT

Background

The Project, being an investment project in Tianjin of the PRC, was introduced by GWFT (an indirect non-wholly owned subsidiary of Great Wall Enterprise) to the Company and Other Investors. GWFT is the current owner of the land use right of the Project Land and the wheat flour plant currently built thereon. To implement the Project, it is anticipated that the PRC government will resume the Project Land and demolish the wheat flour plant built thereon and pay to GWFT the Compensation.

After the Project Land is resumed by the PRC government, it is expected that the permitted land usage of the land will change from industrial to commercial and residential and will be made available for the Land Bid. The Investors intend to bid the Project Land through the Target Company for the implementation of the Project. GWFT plans to invest directly into the Target Company (the "Direct Investor(s)"); whilst the Other Investors (the "Indirect Investors") plan to invest into the Target Company through the HK Co. The Company is interested in investing into the Project by holding the Relevant Equity Interest.

On 6 November 2012, GWFT, DWT (an indirect wholly-owned subsidiary of the Company) and the Company signed the Letter of Intent. Subject to the compliance of the conditions set out therein, DWT will invest up to RMB130,000,000 (equivalent to about HK\$159,900,000) for the Relevant Equity Interest either by way of the Acquisition or the Direct Investment.

The Investment

Letter of Intent

Execution Date: 6 November 2012

LETTER FROM REORIENT

- Parties:
- (1) GWFT
 - (2) DWT
 - (3) the Company
- Subject matter: Relevant Equity Interest of the Target Company, being 15% to 20% of the Equity Interest to be decided by DWT, and (if any) the Deposit paid by GWFT in proportion to the Relevant Equity Interest which has not been converted into the related part of the registered capital of the Target Company
- Mode of Investment: Either by:
- (a) Acquisition: if the application for the formation of the Target Company has been submitted by the time of obtaining the Approval, subject to the Agreement Conditions being fulfilled, DWT shall invest in the Target Company by way of the Acquisition; or
 - (b) Direct Investment: if the application for the formation of the Target Company has not been submitted by the time of obtaining the Approval, DWT shall invest in the Target Company by way of the Direct Investment.
- Registered capital of the Target Company: The registered capital of the Target Company (including any Deposit payable by the Investors on behalf of the Target Company) shall be no more than RMB650,000,000 (equivalent to about HK\$799,500,000). Based on the above maximum registered capital and assuming DWT holds 20% of the Equity Interest, the maximum amount of investment payable by DWT in respect of the registered capital of the Target Company shall be RMB130,000,000 (equivalent to about HK\$159,900,000), regardless the mode of Investment to be adopted by DWT

LETTER FROM REORIENT

(A) The Acquisition

If the application for the formation of the Target Company has been submitted by the time of obtaining the Approval, subject to the Agreement Conditions being fulfilled, DWT shall invest in the Target Company by way of the Acquisition.

Documents to be executed by DWT for the Acquisition:	DWT will execute, subject to the Agreement Conditions being fulfilled, the Acquisition Agreement, and on the Completion Date, the deed of adherence.
Parties to the Acquisition Agreement:	(1) GWFT (as vendor) (2) DWT (as purchaser)
Assets to be acquired:	The Relevant Equity Interest held by GWFT (from 15% to 20% of the Equity Interest to be decided by DWT) and the Deposit paid by GWFT in respect of the Relevant Equity Interest which has not been converted into the part of the registered capital for such Equity Interest (if any).
Consideration:	<p>The Consideration for the Acquisition is equal to the amount of the Contribution, which must not exceed the Maximum Consideration.</p> <p>The exact amount of Consideration could only be fixed on the Completion Date. As agreed in the Letter of Intent, the registered capital the Target Company shall be no more than RMB650,000,000 (equivalent to about HK\$799,500,000). Based on the above amount of registered capital and assuming DWT acquires 20% of the Equity Interest, the Maximum Consideration shall be RMB130,000,000 (equivalent to about HK\$159,900,000).</p>
Completion of the Acquisition:	The Completion shall take place on or before 5 p.m. of the Completion Date. Although DWT will not be a party to any of the Project Agreements, on Completion, DWT shall execute a deed of adherence and thereafter it shall adhere to and be bound by all duties and obligations which are capable of applying to DWT under the Project Agreements. Parties to the Project Agreements shall also agree that they will duly regard DWT as a party to the Project Agreements after DWT has executed the deed of adherence.

LETTER FROM REORIENT

(B) The Direct Investment

If the application for the formation of the Target Company has not been submitted by the time of obtaining the Approval, DWT shall invest in the Target Company by way of the Direct Investment and GWFT shall execute and shall procure Other Investors and HK Co to execute, the Revised Project Agreements replacing and superseding the Project Agreements (if so executed) with DWT. The principal terms of the Revised Project Agreements are substantially the same as the Project Agreements (except for the absence of DWT in the Target Company) and are set out below.

Execution Date of the Revised Project Agreements:	within 15 days after the Company has obtained the Approval (or such other later period as agreed by GWFT and DWT)
Parties to Framework Agreement B:	(1) All Investors (including GWFT) (2) DWT (3) HK Co
Parties to Joint Venture Agreement B:	(1) Direct Investor(s) (i.e. GWFT) (2) DWT (3) HK Co
Subject matter:	The Relevant Equity Interest
Amount of registered capital:	The registered capital of the Target Company shall be no more than RMB650,000,000 (equivalent to about HK\$799,500,000).

The exact amount of registered capital contribution to be paid by DWT will depend on the percentage of Equity Interest (ranging from 15%-20%) which DWT decides to invest in the Target Company under the Revised Project Agreements where the Maximum Contribution shall not exceed RMB130,000,000 (equivalent to about HK\$159,900,000), which is equal to the 20% of the maximum amount of registered capital of the Target Company.

LETTER FROM REORIENT

The investment and the percentage shareholding of each shareholder of the Target Company immediately after the completion of the Investment are as follows:

Investors	Investment in the registered capital of the Target Company		Percentage shareholding
	<i>(RMB)</i>	<i>(HK\$)</i>	
GWFT (<i>Note 2</i>)	305,500,000 – 338,000,000	375,765,000 – 415,740,000	47-52%
– Equity Interest GWFT intends to take up as at the Latest Practicable Date	195,000,000	239,850,000	30%
– Extra proportion of equity Interest might be taken up by GWFT	110,500,000 – 143,000,000	135,915,000 – 175,890,000	17-22%
DWT	97,500,000 – 130,000,000	119,925,000 – 159,900,000	15-20%
HK Co (<i>Note 1</i>)	<u>214,500,000</u>	<u>263,835,000</u>	<u>33%</u>
Total	<u><u>650,000,000</u></u>	<u><u>799,500,000</u></u>	<u><u>100%</u></u>

Note 1: the interests of the Indirect Investors in the Target Company are held through the HK Co.

Note 2: as at the Latest Practicable Date, GWFT confirms that it intends to take up a 30% Equity Interest (exclusive of the Relevant Equity Interest) and there was still 17%-22% of the Equity Interest not being taken up by any Investors. If no Other Investors are interested in taking up such Equity Interest, GWFT will take up such extra Equity Interest. Thus, the exact percentage shareholding of GWFT may vary depending on the percentage shareholding of Other Investors and the percentage shareholding acquired or committed by DWT.

We understand that DWT will decide the exact amount of investment in the Relevant Equity Interest based on the overall financial position of the Group and the final allocation of the Equity Interest as mentioned in note 2 above.

Great Wall Enterprise is a connected person of the Company by virtue of its approximately 52.04% indirect shareholding in the Company. GWFT, an indirect subsidiary of Great Wall Enterprise, is also a connected person of the Company under the Listing Rules. Apart from the aforesaid, Mr. Han Jia-Hwan, Mr. Han Chia-Yin, Mr. Han Chia-Yau and Mr. Harn Jia-Chen are also connected persons of the Company by virtue of their roles as Directors. The above Directors jointly own 100% interest in Hansen Inc. (which will own 15% issued shares in HK Co immediately after completion of the Investment). HK Co is an Investor holding 33% in the Target Company immediately after completion of the Investment.

LETTER FROM REORIENT

We have considered the factors below in relation to the terms of the transactions contemplated under the Transaction Agreements and the Group's participation in the Target Company (the principal terms are set out in the draft Project Agreements and the draft Revised Project Agreements):

Shareholders' approval requirement

To bid the Project Land, the prospective shareholders of the Target Company are required to fund the payment of the Deposit to Tianjin Land Exchange Centre in proportion to their committed registered capital amount in the Target Company. After paying the Deposit, a pre-application approval notice will be issued to the Target Company. The Target Company will then be entitled to bid for the Project Land in the Land Bid. If the Target Company successfully wins the bid for the Project Land, the Deposit will be regarded as part of the payment for the acquisition consideration for the Project Land and the payment by the Direct Investor(s) and HK Co in respect of the Deposit will be regarded as part of the registered capital of the Target Company contributed by each of them respectively.

To the best of the knowledge of the Company, the date of the Land Bid is yet to be determined and may take place in January 2013. The Company is interested in investing into the Project by holding the Relevant Equity Interest. However, given that (i) Investors are required to fund the payment of the Deposit before the Land Bid but that the Company is required to obtain the Approval before making any commitment in relation to the Project via the Target Company and (ii) the timing in respect of the Land Bid cannot be precisely ascertained, it will be in the best interests of the Investors to establish the Target Company as soon as practicable. After commercial negotiations, the Company agrees to adopt a flexible approach to the Investment. Depending on whether the Investors have submitted the application for the formation of the Target Company by the time the Company obtains the Approval, DWT will invest in the Project either by way of the Acquisition or the Direct Investment.

The arrangement for the Investment is to avoid delay in the development of the Project. It is expected that the Target Company will bid for the Project Land through the Land Bid to be held by Tianjin Land Exchange Centre in accordance with the relevant PRC laws and regulations. If the Target Company wins the Land Bid, the Target Company shall enter into a Land Tender Auction Transaction Confirmation* (掛牌地塊成交確認書) with the Tianjin Land Exchange Centre to confirm that the Target Company has succeeded in the Land Bid. The Target Company shall also enter into the Tianjin Municipality State-owned Construction-use Land Use Right Transfer Contract* (天津市國有建設用地使用權出讓合同) with the government, as the transferor for the Project Land, in accordance with the relevant requirements under the tender. To meet the timeline of the Project Land bidding process, it is essential to form the Target Company as soon as practicable.

The Company is required to obtain the Approval before making any commitment to the Project and invest in the Target Company as planned. The Investment through either the Acquisition or the Direct Investment shall provide the Group with the flexibility needed. Regardless of the mode of Investment to be adopted by DWT, DWT will invest in the Relevant Equity Interest in compliance with the Listing Rules without causing any delay to the development plan of the Project.

LETTER FROM REORIENT

Consideration

Pursuant to the Project Agreements and the Revised Project Agreements, each Investor and DWT (as the case may be) shall at maximum, either directly or through HK Co, contribute cash to the Target Company in the ratio of RMB6.5 million (equivalent to approximately HK\$7.995 million) for every 1% interest held in the Target Company.

Regardless the mode of the Investment, the total investment amount to be made by the Group under Acquisition and the Direct Investment shall be the same, the consideration under either option represents the actual amount of the Relevant Equity Interest (assuming any Deposit will eventually be converted into the registered capital of the Target Company if the Target Company wins the Land Bid). The amount of registered capital to be contributed for each percent of Equity Interest in the Target Company under the Acquisition and the Direct Investment shall be no more than RMB6.5 million (equivalent to approximately HK\$7.995 million) and is the same as that of GWFT and HK Co.

Compensation Distribution

GWFT is the current owner of the land use right of the Project Land and the wheat flour plant currently built thereon. To implement the Project, it is anticipated that the PRC government will pay to GWFT the Compensation in order to resume the Project Land from GWFT.

As set out in the Project Agreements (in case the Acquisition takes place) and the Revised Project Agreements (in case of the Direct Investment takes place), if the Compensation received by GWFT exceeds RMB5,000,000 (equivalent to about HK\$6,150,000) per mu, GWFT shall distribute the Compensation Distribution between the Direct Investor(s) (i.e. GWFT itself) and HK Co in proportion to the amount of registered capital in the Target Company to which each of them commits to contribute under the relevant joint venture agreement.

As set out in both of the drafts of the Project Agreements and the Revised Project Agreements (a) if any dividend is declared or distributed or any other distribution is made by the Target Company before Completion or before the execution of the Revised Project Agreements in respect of the Relevant Equity Interest, GWFT shall pay to DWT such dividend or distribution declared to or received by GWFT; and (b) if any Compensation Distribution is made by GWFT before Completion or before the execution of the Revised Project Agreements, GWFT shall pay to DWT such portion of the Compensation Distribution in respect of the Relevant Equity Interest. Nevertheless, (i) if DWT does not become the holder of the Relevant Equity Interest on or before 30 June 2013 (or such other later date as agreed in writing between GWFT and DWT) (in case the Acquisition take places) or (ii) if the Revised Project Agreements have not been entered into on or before 30 June 2013 (or such other later date as agreed in writing between GWFT and DWT) (in case the Direct Investment takes place), DWT shall return to GWFT the Compensation Distribution previously received by it. In the case that (i) or (ii) happens, the transactions contemplated under the Letter of Intent will not proceed unless a later date is agreed among the Parties. DWT will not invest in the Target Company in anyway unless a further agreement is reached.

LETTER FROM REORIENT

We understand from the Company that although GWFT is the current owner of the land use right of the Project Land, the Compensation Distribution was suggested by GWFT with an intention to provide incentives to the other Investors to invest in the Target Company and the Project. We understand from the Company that the Compensation Distribution was designed after taking into account the reasonable assessment of relocation costs of the existing wheat flour plant in the sum of RMB5 million (equivalent to about HK\$6,150,000) per mu which comprises the costs of (i) acquiring another piece of land; (ii) building a new plant thereon; (iii) purchasing new equipment; (iv) housing the staff of GWFT and (v) other related expenses. Under the present investment proposal, the Group is also entitled to the Compensation Distribution as detailed above, we are of the view that it is favourable to the Group.

Non-competition undertaking

Each of the Investors, the HK Co and DWT (if the Acquisition or the Direct Investment completes) will undertake that, unless having obtained the written approval of others, during the period of its holding directly or indirectly the Equity Interest and the 12 months thereafter, it will not engage in any business in Hongqiao District of Tianjin, PRC in competition with the business engaged or proposed to be engaged by the Target Company when it holds directly or indirectly the Equity Interest. We consider it a fair arrangement as property development is not a principal business of the Group.

The purpose of the Target Company

The Project Land to be developed through the Target Company is situated at 8 Xiangtan Road, Hongqiao District, Tianjin, the PRC, the land use right of which is currently owned by GWFT and the site is located at 1 to 2 kilometres from Tianjin West Railway Station* (天津西站). It is expected that the Project Land will be developed into residential and business premises occupying approximately 24,300 square metres and having an aggregate gross floor area of about 100,000 square metres, with about 45% (approximately 45,000 square metres) for commercial purposes (including office, a hotel (or service apartments) and shops) and 55% (approximately 55,000 square metres) for residential purposes. As mentioned above, the date of the Land Bid is yet to be determined and may take place in January 2013. The construction work is expected to last for three years from the date of obtaining all necessary permits and authorizations for constructions.

GWFT is the current owner of the land use right of the Project Land and the wheat flour plant currently built thereon and GWFT will receive the Compensation from the PRC Government for resuming the Project Land.

Capital requirement

The total investment amount of the Target Company is expected to be about RMB1,200,000,000 (equivalent to about HK\$1,476,000,000), whilst the maximum amount of registered capital of the Target Company shall not exceed RMB650,000,000 (equivalent to about HK\$799,500,000). The exact amount of the total investment and registered capital of the Target Company are subject to approval by the relevant authorities in the PRC. The shortfall between the total amount of investment and the registered capital of the Target

LETTER FROM REORIENT

Company may be funded by external financing or shareholders' loan (if so agreed by all investors of the Target Company). As at the Latest Practicable Date, it is proposed that the Project will be funded by external borrowing and/or pre-sales proceeds of the Project and it is not proposed that there will be any commitment by any Investors and DWT to provide any shareholders' loan to the Target Company.

Board representation

Pursuant to the draft Project Agreements and the draft Revised Project Agreements, the board of directors of the Target Company will comprise a maximum of 7 directors. According to the draft Project Agreements and the Revised Project Agreements, there are 6 proposed directors of the Target Company. 4 of the proposed directors are directors of both Great Wall Enterprise and the Company (i.e. Mr. Han Chia-Yin, Mr. Han Chia-Yau, Mr. Harn Jia-Chen and Mr. Chao Tien-Shin). The other two proposed directors represent the interests of certain Indirect Investors.

The appointment of directors of the Target Company shall have a term of 3 years from the date of the relevant agreement and they are eligible for re-appointment for a further of 3 years subject to the approval from the shareholders of the Target Company. Resolutions shall be passed by simple majority of votes of the board of directors of the Target Company, except for certain resolutions that require unanimous consent of the directors in presence. Such resolutions includes, among others things, the formation of any subsidiary of the Target Company, any proposed change in the registered capital and reserve or reorganisation of the Target Company, any change in auditors of the Target Company, any proposed disposal of assets with a value exceeding RMB600 million (equivalent to approximately HK\$738 million) (other than disposal in the ordinary and usual course of business of the Target Company) or the entering into any contract by the Target Company with a contract amount exceeding RMB600 million (equivalent to approximately HK\$738 million).

There shall be at least two shareholders' meeting of the Target Company for each financial year. We consider that the presently proposed composition of the board of the Target Company and the governance requirements will allow the Company to timely monitor the operations and performance of the Target Company.

Profit sharing

Any profits derived from the Target Company will be shared by its shareholders in proportion to their paid-up registered capital in the Target Company. In view of the above, we consider such profit sharing fair and reasonable.

First right of refusal

The draft Project Agreements provide the Other Investors and HK Co shall waive the first right of refusal against the Relevant Equity Interest to be sold by GWFT to DWT pursuant to the Acquisition. Save for the above, shareholders of the Target Company are entitled to sell part or all of its interest in the Target Company with the consent of the other shareholders and the Indirect Investors, according to the draft Project Agreements and the draft Revised Project Agreements. Indirect Investors and shareholders of the Target

LETTER FROM REORIENT

Company will have a first right of refusal to acquire the Equity Interest to be sold by the exiting shareholder on equal terms offered to other parties after the exiting shareholder initiates the sale of Equity Interest of the Target Company. We are of the view that such first right of refusal, which is common in many joint venture agreements, is fair and reasonable.

Reasons for and benefit of the Acquisition

As set out in the Letter from the Board in this Circular, given the large scale of the Project and the prime location of the Project Land in Tianjin, the Directors are of the view that the Investment presents a potentially good investment with a good return in the real estate sector. The Project aims to develop the Project Land to be acquired through a public tender into a high-end residential and business complex in the city centre of Tianjin. In view of the rapid economic growth in Tianjin, the Directors are of the view that the Investment enables the Group to derive a new source of revenue based on the budgeted construction cost and price.

Overview of Tianjin and its property market

Tianjin is located at the northeast of China and it is approximately 137 kilometres from the southeast of Beijing, the capital of China. According to the Tianjin national economic and social development statistics bulletin 2011* (2011年天津市國民經濟和社會發展統計公報) published on the Tianjin Statistical Information Net* (天津統計資訊網), as at the end of 2011, Tianjin city has a population* (常住人口) of approximately 13.54 million, representing an increase of approximately 0.55 million over the end of 2010. Continual urbanisation in China will allow a steady demand for properties in major cities. The gross domestic product of Tianjin for 2011 was approximately RMB1,119 billion (equivalent to approximately HK\$1,376 billion). The gross domestic product of Tianjin increased steadily over the past few years and there was a 15.5%, 16.5%, 16.5%, 17.4% and 16.4% growth for each of the year 2007, 2008, 2009, 2010 and 2011 respectively (being adjusted for changes in price level).

Hongqiao District is located at the northwest of Tianjin with an area of approximately 21.3 square kilometres. According to information available on the Hongqiao government affairs online* (紅橋政務網), Hongqiao District has a population* (常住人口) of approximately 0.5 million as at 1 November 2010.

The PRC government has imposed a series of policies to prevent the real estate market from being overheated, which suppressed the transaction volume and price growth. According to a market report issued by an international property consultant in respect of the property market of Tianjin in the second quarter of 2012, mass market residential supply in Tianjin averaged 11 million square metres per annum between 2006 and 2011, while mass market residential transaction volume averaged 9.4 million square metres per annum. Meanwhile, transaction prices grew by a nominal compound annual growth rate of 12.5% by the end of 2011.

LETTER FROM REORIENT

According to another market report issued by the same international property consultant, Tianjin's residential sales market has shown a recovery in supply, transaction volume and price in the second quarter of 2012, the mass-market residential transaction volume rose by 84.9% (on a quarter-to-quarter basis), while transaction prices grew by 5.5% (on a quarter-to-quarter basis).

According to a report issued by another international property consultant in relation to Tianjin's office property market, Tianjin's prime office property market remained stable in the second quarter of 2012. As stated in the report, there were no new prime office buildings completed in Tianjin during the second quarter of 2012, the average vacancy rate continued to decline. The overall average vacancy rate dropped by 3.7 percentage points quarter-to-quarter by the end of the second quarter of 2012 to 12.07%, which was the lowest value seen during the last four quarters. The overall rents in Tianjin's prime office market increased slightly in the second quarter of 2012. Tianjin's prime office market should maintain a stable development, underscored by the city's healthy economic fundamentals.

According to another market report issued by the same international property consultant in relation to Tianjin's retail property market, with the continued healthy growth of Tianjin's economy and the strong retail sales, Tianjin's prime retail property market remained active during the second quarter of 2012. The demand for prime retail space continued to increase, with many overseas and domestic retailers entering or expanding in the local market. The leasing activities stayed at a high level in the second quarter of 2012, with more luxury and international retailers from the fashion, watches, jewellery, and entertainment sectors opening new stores or expanding into Tianjin.

The average ground floor fixed rent of Tianjin's prime retail property market down 1.58% quarter-to-quarter or 1.89% year-to-year as of the end of the second quarter of 2012. The rents of some newly launched projects presented an upward trend. The rental growth of some retail areas in Tianjin ranged from 6% to 17% quarter-to-quarter in the second quarter of 2012.

Despite the risk of the government control, it is generally accepted that there will still be a steady long-term demand for office, retail and residential properties in major cities in China (including Tianjin) at reasonably affordable prices. We concur with the Directors' view that the Investment will provide the Group with a new opportunity to enhance its profitability and prospects and is in the interests of the Company and its Shareholders as a whole.

Possible financial effects of the Investment

Upon completion of the Investment, the Target Company will be an associated company of the Company and accordingly, the Company will use equity accounting to account for its investment in the Target Company. The Company will share any net profit derived from its investments in the Target Company.

LETTER FROM REORIENT

Effects on net asset value and gearing

According to the interim report of the Group for the six months ended 30 June 2012, the unaudited consolidated net asset value of the Group was approximately RMB1,948.5 million (equivalent to approximately HK\$2,397 million) as at 30 June 2012. We understand from the Company that the Investment is not expected to have any immediate impact on its net asset position or gearing position.

Effect on earnings and working capital

Taking into account the future prospects of the Target Company, the Directors expect that the Project would help enhance the Group's profitability and return to the Shareholders. Regarding the working capital position of the Group, given that the capital contribution to the registered capital of the Target Company by the Company will be funded by internal resources of the Group, the Group's working capital would be reduced upon establishment of the Target Company. However, the Company is of the view that it will not materially adversely affect the working capital of the Group in view of the amount of cash and available banking facilities of the Group. No commitment is made by DWT and the prospective shareholders of the Target Company to provide any shareholders' loan for the Target Company. The shortfall between the total amount of investment and the registered capital of the Target Company is presently proposed to be funded by external financing or its pre-sales proceeds from the Project.

It should be noted that the aforementioned analyses are for illustrative purpose only and does not purport to represent how the financial position of the Group will be upon completion of the Investment or in any future time.

Given (i) the stable outlook in the Tianjin economy; (ii) the Project Land shall be acquired by public tender under the laws and regulations of the PRC; (iii) the Investment may broaden the earning base of the Group; (iv) the draft Project Agreements and the draft Revised Project Agreements set out the terms and conditions which regulate the rights and obligations of the shareholders of the Target Company and these terms and conditions are based on normal commercial terms and the future commercial benefits, investment returns and risks are to be distributed among the shareholders of the Target Company on a pro-rata basis; (v) there are non-competition undertakings in place that each of the Investors and the HK Co shall undertake that, unless having obtained the written approval of others, during the period of its holding directly or indirectly the Equity Interest and the 12 months thereafter, it will not engage in any business in Hongqiao District of Tianjin, PRC in competition with the business engaged or proposed to be engaged by the Target Company when it holds directly or indirectly the Equity Interest; (vi) the Company will invest in the Target Company at substantially the same terms as Other Investors or HK Co either through the Acquisition or the Direct Investment; (vii) the present arrangement, including the Acquisition or the Direct Investment may help expedite the development of the Project without pending on the Independent Shareholders' approval, we consider the terms of the Acquisition, the Direct Investment, the Letter of Intent, the Acquisition Agreement, the Project Agreements and the Revised Project Agreements are on normal commercial terms, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

LETTER FROM REORIENT

CONCLUSION

Having considered the principal reasons and factors, we are of the view that (i) the terms of the New Agreements and the proposed annual caps for the three years ending 31 December 2015 for the transactions which shall be carried out thereunder are fair and reasonable so far as the Shareholders are concerned and that the New Agreement are, and the transactions which shall be carried out under such agreements will be, entered into on normal commercial terms and in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole; (ii) the Revised Annual Cap and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, fair and reasonable so far as the Shareholders are concerned and in the interest of the Company and the Shareholders as a whole; (iii) terms of the Variation Deed and the Investment are on normal commercial terms, fair and reasonable so far as the Shareholders are concerned and in the interests of the Company and its shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend that the Independent Shareholders vote in favour of the ordinary resolutions to be proposed at the EGM to approve (i) the New Agreements and the annual caps for the three years ending 31 December 2015; (ii) the Revised Annual Cap; (iii) the Variation Deed and (iv) the Investment and the transactions which may be carried out thereunder.

Yours faithfully,
For and on behalf of
REORIENT Financial Markets Limited
Allen Tze
Managing Director

* *for identification purposes*

1. RESPONSIBILITY OF THE DIRECTORS

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. 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

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 or debentures of the Company or any of its associated corporation (within the meaning of Part XV of 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 or 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 for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(a) Long positions in shares of the Company

Name of Director	Nature of interest	Interests in Shares held	Approximate % of issued share capital of the Company
Chao Tien-Shin	Interests of controlled corporation/Interests held jointly with another person (Note i)	3,834,000	0.377%
Han Chia-Yin	Beneficial owner /Interests of spouse (Note ii)	582,000	0.057%
Han Jia-Hwan	Beneficial owner (Note iii)	344,000	0.034%
Chen Chih	Beneficial owner	300,000	0.030%
Liu Fuchun	Beneficial owner	300,000	0.030%
Way Yung-Do	Beneficial owner	300,000	0.030%

Notes:

- i. Mr. Chao Tien-Shin is deemed to be interested in (i) 3,534,000 Shares held by Hannibal International Limited, a subsidiary of CTS Capital Group Limited which is controlled by Mr. Chao and his spouse and (ii) 300,000 shares jointly held by Mr. Chao and his spouse.
- ii. Mr. Han Chia-Yin is deemed to be interested in (i) 200,000 shares which are held by his spouse and (ii) 100,000 unvested awarded shares.
- iii. Mr. Han Jia-Hwan is deemed to be interested in 100,000 unvested awarded shares

(b) Long positions in shares of associated corporations of the Company:

Name of Directors	Name of associated corporation (Note 1)	Nature of interest	Interests in shares held	Approximate % of the relevant associated corporation's issued share capital
Han Chia-Yau	Great Wall Enterprise Co., Ltd.	Beneficial owner	42,692	0.008%
Harn Jia-Chen	Great Wall Enterprise Co., Ltd.	Beneficial owner	45,856	0.008%
Chao Tien-Shin	Great Wall Enterprise Co., Ltd.	Interest of controlled corporation (Note 2)	7,241,095	1.278%

Notes:

1. Great Wall Enterprise Co., Ltd., a company incorporated in Taiwan and whose shares are listed on Taiwan Stock Exchange Corporation, is the ultimate controlling shareholder of the Company.
2. Mr. Chao Tien-Shin is deemed to be interested in 7,241,095 Shares held by Qiao Tai Xing Investment Co. Limited which is controlled by Mr. Chao and his spouse.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of 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 or 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 for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS 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) 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 and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, 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 had any options in respect of such capital:

Long positions in shares of the Company:

Name	Nature of interests	Number of shares	Approximate % of issued share capital of the Company
Waverley Star Limited	Beneficial interests	375,899,946	36.994%
Asia Nutrition Technologies Corporation	Beneficial interests	152,924,906	15.050%
Great Wall Enterprise Co., Ltd.	Interests of controlled corporation	528,824,852	52.044%
Great Wall International (Holdings) Ltd.	Interests of controlled corporation	528,824,852	52.044%
Continental Enterprises Ltd.	Beneficial interests	60,000,029	5.905%
ContiGroup Companies Inc.	Interests of controlled corporation	60,000,029	5.905%
Fribourg Grandchildren Family L.P.	Interests of controlled corporation	60,000,029	5.905%
Fribourg Enterprises, LLC	Interests of controlled corporation	60,000,029	5.905%
Declaration of Trust dated May 31, 1957, for the benefit of Robert Fribourg	Interests of controlled corporation	60,000,029	5.905%
Declaration of Trust dated May 31, 1957, for the benefit of Paul Jules Fribourg	Interests of controlled corporation	60,000,029	5.905%

Name	Nature of interests	Number of shares	Approximate % of issued share capital of the Company
Declaration of Trust dated May 31, 1957, for the benefit of Nadine Louise Fribourg	Interests of controlled corporation	60,000,029	5.905%
Declaration of Trust dated May 31, 1957, for the benefit of Charles Arthur Fribourg	Interests of controlled corporation	60,000,029	5.905%
Trust Agreement Dated September 16, 1963, for the benefit of Caroline Renee Fribourg	Interests of controlled corporation	60,000,029	5.905%
Fribourg Charles Arthur	Trustee	60,000,029	5.905%
Sosland Morton Irvin	Trustee	60,000,029	5.905%
Fribourg Paul Jules	Trustee	60,000,029	5.905%

Save as disclosed above, there is no person (not being a Director or chief executive of the Company) known to the Directors or 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 and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in ten per cent. 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 had any options in respect of such capital.

4. MATERIAL ADVERSE CHANGES

The Directors confirm that, as at the Latest Practicable Date, they are not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2011, being the date of the latest audited consolidated financial statements of the Group were made up.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any of its subsidiaries which will not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

6. COMPETING INTERESTS

As at the Latest Practicable Date, the Directors were not aware that any of them had interests in any business which competes or was likely to compete, either directly or indirectly, with the business of the Group which would fall to be discloseable under the Listing Rules.

7. EXPERT AND CONSENT

The following is the qualifications of the expert who has given advice, which is contained or referred to in this circular:

Name	Qualifications
REORIENT Financial Markets Limited	A licensed corporation under the SFO to conduct among other activities Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities.

REORIENT has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated 3 December 2012 and references to its name in the form and context in which it appears. As at the Latest Practicable Date, REORIENT did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

8. MISCELLANEOUS

- (a) Mr. Han Chia-Yin, Mr. Han Chia-Yau, Mr. Harn Jia-Chen and Mr. Chao Tien-Shin are the common directors of the Company and Great Wall Enterprise; and Mr. Han Chia-Yin, Mr. Han Chia-Yau, Mr. Harn Jia-Chen are brothers whereas Mr. Chao Tien-Shin is not related to Han's brothers. However, insofar as Han's brothers are concerned, they do not, individually or collectively, control the composition of a majority of the board of directors of Great Wall Enterprise. These four directors were not considered by other Directors as materially interested in the Non-exempt Transactions and Variation Deed by virtue of their directorship in Great Wall Enterprise and thus were not required to abstain, and did not, abstain from voting in the relevant Board resolutions for approving the two aforesaid matters. As all Directors were present in the Board meeting approving the aforesaid resolutions, even if the vote of the above Directors were not counted, such resolutions were duly passed by the unanimous vote of the other five Directors in the relevant Board meeting.

The Letter of Intent and the transactions completed thereunder had been thoroughly discussed among all Directors in a number of Board meetings before the relevant Board resolutions were unanimously approved. Having taken into account (i) Article 107(c) of the articles of association of the Company and (ii) the fact that the Indirect Investor controlled by Mr. Han Jia-Hwan, Mr. Han Chia-Yin, Mr. Han Chia-Yau, Mr. Harn Jia-Chen (i.e. Hansen Inc.) will only hold

5% Equity Interest indirectly after the completion of the Investment, the other Directors, after due and careful consideration, did not consider the said Directors as materially interested in the Investment, the Transaction Agreements and the transaction contemplated thereunder. As a result, they were not required to abstain, and did not abstain, from voting in the relevant Board resolution approving the Letter of Intent and the transactions contemplated thereunder. As all Directors were present in the Board meeting approving the aforesaid resolution, even if the vote of the above Directors were not counted, such resolution was duly passed by the unanimous vote of the other five Directors in the relevant Board meeting.

Though Mr. Han Jia-Hwan, Mr. Han Chia-Yin, Mr. Han Chia-Yau and Mr. Harn Jia-Chen were not considered as materially interested in the Investment, the Transaction Agreements and the transaction contemplated thereunder, as a good corporate governance practice, these Directors and their respective associates holding shares in the Company will abstain from voting in respect of ordinary resolution no. 7 below.

Save as disclosed herein, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

- (b) As at the Latest Practicable Date, none of the Directors nor REORIENT was interested, directly or indirectly, in any assets which had since 31 December 2011 (being the date to which the latest published audited financial statements of the Company were made up) been 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.
- (c) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at Suite 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon for a period of 14 days from the date of this circular:

- (a) the GW Master Purchase (Renewal) Agreement and the GW Master Purchase Agreement (2012);
- (b) the GW Master Supply (Renewal) Agreement, the Toll-Milling Service Agreement and the GW Master Supply Agreement (2012);
- (c) the MB Master Supply (Renewal) Agreement and the MB Master Supply (Renewal 2012) Agreement;

- (d) the MB Master Purchase (Renewal) Agreement and the MB Master Purchase (Renewal 2012) Agreement;
- (e) the Non-Competition Deed, the First Variation Deed and the Variation Deed;
- (f) the Letter of Intent and the latest drafts of other Transaction Agreements;
- (g) the letter from the Independent Board Committee, the text of which is set out in this circular;
- (h) the letter from REORIENT, the text of which is set out in this circular; and
- (i) the written consent from REORIENT referred to in the paragraph headed “Expert And Consent” in the Appendix.

NOTICE OF EGM



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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of DaChan Food (Asia) Limited (the “Company”) will be held at 2 p.m. on 18 December 2012, Tuesday at Xiamen Suite 1-11, 3/F Prince Hotel, Harbour City, Kowloon, Hong Kong, to consider and, if thought fit, pass the following ordinary resolutions (with or without modifications):

ORDINARY RESOLUTIONS

1. **“THAT**

- 1.1. the GW Master Purchase Agreement (2012) (as defined in the circular of the Company dated 3 December 2012 (the “Circular”, a copy of which has been produced to the meeting and marked “A” and initialed by the chairman of the meeting for the purpose of identification)), the terms and the transactions thereunder (a copy of the agreement has been produced to the meeting and marked “B” and initialed by the chairman of the meeting for the purposes of identification), together with the relevant proposed annual caps in relation to such transactions for the three financial years ending 31 December 2015 as set out in the Circular be and are hereby approved, confirmed and ratified; and
- 1.2. any director of the Company be and is hereby authorized to take any step and execute the GW Master Purchase Agreement (2012) and such other documents as they consider necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the GW Master Purchase Agreement (2012) or the transactions contemplated thereby.”

2. **“THAT**

- 2.1. the GW Master Supply Agreement (2012), the terms and the transactions thereunder (a copy of the agreement has been produced to the meeting and marked “C” and initialed by the chairman of the meeting for the purposes of identification), together with the relevant proposed annual caps in relation to such transactions for the three financial years ending 31 December 2015 as set out in the Circular be and are hereby approved, confirmed and ratified; and

NOTICE OF EGM

2.2. any director of the Company be and is hereby authorized to take any step and execute GW Master Supply Agreement (2012) and such other documents as they consider necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the GW Master Supply Agreement (2012) or the transactions contemplated thereby.”

3. **“THAT**

3.1. the annual cap for the year ending 31 December 2012 under the MB Master Supply (Renewal) Agreement (as defined in the Circular and a copy of the agreement has been produced to the meeting and marked “D” and initialed by the chairman of the meeting for the purposes of identification), be and is hereby revised and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

3.2. any director of the Company be and is hereby authorized to take any step and execute such other documents as they consider necessary, desirable or expedient to carry out or give effect to or otherwise in connection with such revision of annual cap or the transactions contemplated thereby.”

4. **“THAT**

4.1. the MB Master Supply (Renewal 2012) Agreement (as defined in the Circular), the terms and the transactions thereunder (a copy of the agreement has been produced to the meeting and marked “E” and initialed by the chairman of the meeting for the purposes of identification), together with the relevant proposed annual caps in relation to such transactions for the three financial years ending 31 December 2015 as set out in the Circular be and are hereby approved, confirmed and ratified; and

4.2. any director of the Company be and is hereby authorized to take any step and execute MB Master Supply (Renewal 2012) Agreement and such other documents as they consider necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the MB Master Supply (Renewal 2012) Agreement as modified or the transactions contemplated thereby.”

5. **“THAT**

5.1. the MB Master Purchase (Renewal 2012) Agreement (as defined in the Circular), the terms and the transactions thereunder (a copy of the agreement has been produced to the meeting and marked “F” and initialed by the chairman of the meeting for the purposes of identification), together with the relevant proposed annual caps in relation to such transactions for the three financial years ending 31 December 2015 as set out in the Circular be and are hereby approved, confirmed and ratified; and

NOTICE OF EGM

5.2. any director of the Company be and is hereby authorized to take any step and execute MB Master Purchase (Renewal 2012) Agreement and such other documents as they consider necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the MB Master Purchase (Renewal 2012) Agreement as modified or the transactions contemplated thereby.”

6. **“THAT**

6.1. the Variation Deed (as defined in the Circular), the terms and the transactions thereunder (a copy of the agreement has been produced to the meeting and marked “G” and initialed by the chairman of the meeting for the purposes of identification), be and are hereby approved, confirmed and ratified; and

6.2. any director of the Company be and is hereby authorized to take any step and execute the Variation Deed and such other documents as they consider necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the Variation Deed as modified or the transactions contemplated thereby.”

7. **“THAT**

7.1. the Letter of Intent (as defined in the Circular), the terms and the transactions thereunder (a copy of the agreement has been produced to the meeting and marked “H” and initialed by the chairman of the meeting for the purposes of identification), be and are hereby approved, confirmed and ratified; and

7.2. any director of the Company be and is hereby authorized to take any step and execute the Transaction Agreements and such other documents as they consider necessary, desirable or expedient to carry out or give effect to the Investment or otherwise in connection with the Transaction Agreements as modified or the transactions contemplated thereby.”

By order of the Board
Han Jia-Hwan
Chairman

Hong Kong, 3 December 2012

Notes:

1. A member of the Company who is a holder of two or more shares of the Company, and who is entitled to attend and vote at the EGM is entitled to appoint more than one proxy or a duly authorized corporate representative to attend and vote in his stead. A proxy need not be a member of the Company. Completion and return of the form of proxy will not preclude a member of the Company from attending and voting in person at the EGM and any adjournment thereof should the member so wish. In such event, his form of proxy will be deemed to have been revoked.

NOTICE OF EGM

2. A form of proxy for the EGM is enclosed with the Company's circular dated 18 December 2012. In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the Company's branch share registrars in Hong Kong, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.
3. The Hong Kong branch register of members of the Company will be closed from 17 October 2012 to 18 December 2012, both days inclusive, for the purposes of determining the entitlements of the members of the Company to attend and vote at the EGM. No transfers of shares of the Company may be registered on that day. In order to qualify for the aforesaid entitlements, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on 14 December 2012.
4. In accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the above resolutions will be voted on by way of poll; (a) Great Wall Enterprise and its associates are required to abstain from voting in respect of the aforesaid ordinary resolution nos. 1, 2 and 6 above, (b) Marubeni Corporation and its associates are required to abstain from voting in respect of the aforesaid ordinary resolutions nos. 3 to 5 above; and (c) Great Wall Enterprise, Mr. Han Jia-Hwan, Mr. Han Chia-Yin, Mr. Han Chia-Yau, Mr. Harn Jia-Chen and their respective associates are required to abstain from voting in respect of ordinary resolutions no. 7 above.

As at the date of this notice, Mr. Han Jia-Hwan (Chairman) and Mr. Han Chia-Yin 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. Liu Fuchun, Dr. Chen Chih and Mr. Way Yung-Do are the independent non-executive Directors.