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DACHAN FOOD (ASIA) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3999)

VARIATION TO TERMS ANNOUNCEMENT

REDUCTION OF POSSIBLE INVESTMENT IN A JOINT VENTURE COMPANY IN PRC

On 29 April 2013, DWT, an indirect wholly owned subsidiary of the Company, entered into the Supplemental Agreement with the Direct Investor, all Indirect Investors, HK Co and two New Investors pursuant to which DWT reduces its registered capital commitment in the Target Company from RMB120,000,000 (equivalent to about HK\$150,000,000) to RMB60,000,000 (equivalent to about HK\$75,000,000), and the shareholding of DWT in the Target Company will be reduced from 20% to 10% accordingly.

BACKGROUND

Reference is made to the announcement and circular (the “Circular”) of the Company dated 6 November 2012 and 3 December 2012 respectively in relation to, among others, the possible investment in a joint venture company in PRC. Capitalised terms used in this announcement shall have the same meanings as those defined in the Circular unless the context otherwise requires.

The Company obtained the required approval from Independent Shareholders in the EGM dated 18 December 2012 in relation to the investment by DWT in the Target Company which is to be engaged in the development of the Project on the Project Land and the construction and sale of commercial and residential premises on the Project Land. As the application for establishment of the Target Company had then yet been submitted, pursuant to the Letter of Intent, DWT, an indirect wholly owned subsidiary of the Company, shall invest in the Project by way of Direct Investment instead of Acquisition and entered into the Revised Project Agreements. According to the Revised Project Agreements, it was contemplated that (i) the amount of registered capital of the Target Company is RMB600,000,000 (equivalent to about HK\$750,000,000) and (ii) DWT would hold 20% equity interest in the Target Company. The registered capital commitment of DWT in the Target Company is therefore RMB120,000,000 (equivalent to about HK\$150,000,000).

As at the date of announcement, DWT has paid 2 instalments in the aggregate sum of RMB66,000,000 (equivalent to HK\$82,500,000), being 55% of its total registered capital commitment.

SUPPLEMENTAL AGREEMENT

As the Company intends to reallocate its resources for the development of the principal business of the Group (i.e. supply of meat products, feeds and processed food), DWT entered into a supplemental agreement (the “Supplemental Agreement”) on 29 April 2013 with the other Direct Investor, all Indirect Investors, HK Co and two new investors (the “New Investors”), the major terms of which are set out as below:

- (1) the equity interest to be held by DWT in the Target Company will be reduced from 20% to 10%.
- (2) the total registered capital commitment of DWT to the Target Company reduces by RMB60,000,000 (equivalent to about HK\$75,000,000) (“Amount To Be Reduced”) from RMB120,000,000 (equivalent to about HK\$150,000,000) to RMB60,000,000 (equivalent to about HK\$75,000,000).
- (3) with respect to the Amount To Be Reduced, DWT will be returned with 55% of such amount, being the amount having been paid by instalments, i.e. RMB33,000,000 (equivalent to about HK\$41,250,000) (the “Returned Contribution”).
- (4) the two New Investors will contribute a sum equivalent to the Amount To Be Reduced through HK Co and became Indirect Investors.
- (5) the two New Investors will pay RMB33,000,000 (equivalent to about HK\$41,250,000), being a sum equivalent to the Returned Contribution, within 7 business days after the date of the Supplemental Agreement.

To the best of the knowledge, information and belief of the directors of the Company (the “Directors”), having made all reasonable enquiries, both New Investors and their ultimate beneficial owners are third parties 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.

As explained above, the Group entered into the Supplemental Agreement in order to reallocate its resources for the further development of its principal business. Given that (i) the reallocation of resources enables the Group to strengthen its principal business; (ii) the amount paid or to be paid by DWT to hold each per cent of Equity Interest is the same as other Investors, and (iii) the rights and

obligations of DWT in regard to the Project is reduced in direct proportion to its reduction of registered capital commitment, the Directors are of the view that the terms of the Supplemental Agreement and the transaction contemplated under that agreement are on normal commercial terms, fair and reasonable and in the interest of the Company and its shareholders as a whole.

On behalf of the Board

Han Jia-Hwan

Chairman

Hong Kong, 3 May 2013

For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB 1.00 = HK\$ 1.25 has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such a rate or at any other rates.

As at the date of this announcement, 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. Way Yung-Do, Mr. Liu Fuchun and Dr. Chen Chih are the independent non-executive Directors.