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DACHAN FOOD (ASIA) LIMITED

大成食品(亞洲)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3999)

VARIATION TO TERMS ANNOUNCEMENT

**INCREASE OF CAPITAL COMMITMENT IN
A JOINT VENTURE COMPANY IN PRC**

Reference is made to the Circular and the Announcement for the possible investment in 10% equity interest in the Target Company by DWT, an indirect wholly owned subsidiary of the Company.

Further to the Announcement, DWT and the other direct investors of the Target Company (i.e. GWFT and HK Co) entered into the EJV Agreement to proceed with the formation of the Target Company. Pursuant to the EJV Agreement, the total amount of registered capital of the Target Company was increased from RMB600,000,000 (equivalent to about HK\$756,000,000) to RMB711,000,000 (equivalent to about HK\$895,860,000) as a result of the increase in the costs of Land Bid and initial operation of the Target Company. Accordingly, the total registered capital commitment of DWT, being the holder of 10% equity interest in the Target Company, increased by RMB11,100,000 (equivalent to about HK\$ HK\$13,986,000) from RMB60,000,000 (equivalent to about HK\$75,600,000) to RMB71,100,000 (equivalent to about HK\$89,586,000).

On 22 July 2013, DWT received a notice requesting it to pay for the Capital Increment Amount of RMB11,100,000 (equivalent to about HK\$ HK\$13,986,000) by 1 August 2013.

Reference is made to (i) the circular of Dachan Food (Asia) Limited (the “Company”) dated 3 December 2012 (the “Circular”) and (ii) the announcement of the Company dated 3 May 2013 (the “Announcement”) in relation to the possible investment of 10% equity interest in the Target Company by DWT. Unless the context requires otherwise, capitalised terms in this announcement shall have the same meanings as those defined in the Circular.

CAPITAL INCREMENT

Further to the Announcement, DWT, GWFT and HK Co entered into an equity joint venture agreement dated 7 June 2013 (the “EJV Agreement”) to proceed with the formation of the Target Company.

Pursuant to the EJV Agreement, the total amount of registered capital of the Target Company was increased from RMB600,000,000 (equivalent to about HK\$756,000,000) to RMB711,000,000 (equivalent to about HK\$895,860,000) as a result of the increase in the costs of Land Bid and initial operation of the Target Company, and the said amount of registered capital shall be paid by the investors in proportion to their respective equity interest in the Target Company. Accordingly, the total registered capital commitment of DWT, being the holder of 10% equity interest in the Target Company, increased by RMB11,100,000 (equivalent to about HK\$13,986,000) (the “Capital Increment Amount”) from RMB60,000,000 (equivalent to about HK\$75,600,000) to RMB71,100,000 (equivalent to about HK\$89,586,000) (“Capital Increment”).

Subsequent to the EJV Agreement, the Target Company, named as Advent Prosperity Real Estate Development Co., Ltd (天津達成興業房地產開發有限公司), has obtained the temporary business licence for a term of 1 year as described in the Circular. The approved scope of business of the Target Company includes development, sale and rental of real property, operation and management of hotel(s), service apartment(s), office(s) and other business facilities, interior and exterior decoration, property management and etc. The Target Company has also successfully bid the Project Land.

As at the date of this announcement, DWT has already paid the registered capital of RMB60,000,000 (equivalent to about HK\$75,600,000) by instalments as required under the supplemental agreement dated 29 April 2013 as disclosed in the Announcement. On 22 July 2013, DWT received a notice requesting it to pay for the Capital Increment of RMB11,100,000 (equivalent to about HK\$ HK\$13,986,000) by 1 August 2013. The Group will satisfy the payment of the Capital Increment Amount with internal resources.

REASONS FOR AND BENEFITS OF THE CAPITAL INCREMENT

The Project involves the development of the Project Land into a residential and business complex in the city centre of Tianjin. Since the successful bidding of the Project Land was crucial for the development of the Project and the Capital Increment enables the Group to retain its proportion of entitlement in the potentially lucrative investment, the Directors (including the independent non-executive Directors) considered that the Capital Increment is in the interests of the Shareholders as a whole. Given (i) the Capital Increment Amount is directly proportional to percentage of equity interest of DWT held in the Target Company and (ii) GWFT and HK Co will also contribute funds as part of the registered capital of RMB711,000,000 (equivalent to about HK\$895,860,000) in proportion to their respective equity interests in the Target Company, the Directors (including the independent non-executive Directors) viewed that the Capital Increment has no significant impact on the return of the Investment and is fair and reasonable for the Group.

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 (which holds about 40% equity interest in GWFT); 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 Capital Increment. Having said that, the above four Directors did not vote in the relevant Board meeting approving the Capital Increment.

GENERAL INFORMATION

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 announcement).

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

HK Co is engaged in investment holding of 55% equity interest in the Target Company.

On behalf of the Board
Dachan Food (Asia) Limited
Han Jia-Hwan
Chairman

Hong Kong, 25 July 2013

For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB 1.00 = HK\$ 1.26 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), 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.