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If you are in doubt as to any aspect about this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitors, professional accountant or other professional advisor.

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.

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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)

**RENEWAL OF VARIOUS
CONTINUING CONNECTED TRANSACTIONS**

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



A letter from the Board is set out on pages 5 to 19 of this circular.

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 20 of this circular. A letter from Investec, the independent financial advisor, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 21 to 39 of this circular.

A notice convening the EGM of DaChan Food (Asia) Limited to be held at Xiamen Suites I-II, 3/F., Prince Hotel, Harbour City, Kowloon, Hong Kong on 26 June 2015, Friday at 3:00 p.m. or immediately after the conclusion or adjournment of the annual general meeting of the Company to be held on the same day, is set out on pages 47 to 49 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 on the form and return it to the Hong Kong branch share registrar of the Company, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, 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 of the EGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment of the EGM should you so wish.

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DEFINITIONS

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

“Announcement”	the announcement of the Company dated 7 May 2015 relating to the Transactions;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“associated corporation”	has the meaning ascribed to it under the Part XV of the SFO;
“Board”	the board of Directors;
“business day(s)”	has the meaning ascribed to it under the Listing Rules;
“chief executive”	has the meaning ascribed to it under the Listing Rules;
“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: 03999);
“connected person(s)”	has the meanings ascribed to it under the Listing Rules;
“controlling shareholder”	has the meanings ascribed to it under the Listing Rules;
“Current Agreements”	the GWE Current Agreements and the Marubeni Current Agreements;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened and held at Xiamen Suites I-II, 3/F., Prince Hotel, Harbour City, Kowloon, Hong Kong, on 26 June 2015, Friday at 3:00 p.m. or, immediately after the conclusion or adjournment of the annual general meeting of the Company to be held on the same day, for the purposes of considering and, if thought fit, approving, the Non-Exempt Transactions and their respective proposed annual caps;
“Group”	the Company and its subsidiaries from time to time;
“GWE”	Great Wall Enterprise Co. Ltd., a joint stock company established under the laws of the Republic of China, whose shares are listed on Taiwan Stock Exchange Corporation, and the ultimate controlling shareholder of the Company;

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“GWE Current Agreements”	the GWE Master Purchase Agreement and the GWE Master Supply Agreement;
“GWE Group”	GWE and its subsidiaries from time to time but excludes the members of the Group for the purpose of the Non-Exempt Transactions;
“GWE Master Purchase Agreement”	the master purchase agreement entered into between the Company and GWE dated 6 November 2012;
“GWE Master Purchase (Renewal) Agreement”	the master purchase (renewal) agreement entered into between the Company and GWE dated 7 May 2015;
“GWE Master Supply Agreement”	the master supply agreement entered into between the Company and GWE dated 6 November 2012;
“GWE Master Supply (Renewal) Agreement”	the master supply (renewal) agreement entered into between the Company and GWE dated 7 May 2015;
“GWE Renewal Agreements”	the GWE Master Purchase (Renewal) Agreement and the GWE Master Supply (Renewal) Agreement;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	an committee of the Board established for reviewing the terms and the respective proposed annual caps of the Non-Exempt Transactions, consisting only of all independent non-executive Directors who do not have any material interest in the Non-Exempt Transactions;
“Independent Financial Adviser” or “Investec”	Investec Capital Asia Limited, a licensed corporation to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, and is an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Non-Exempt Transactions and their respective proposed annual caps;
“Independent Shareholders”	any Shareholder who does not have any material interest in the relevant Non-Exempt Transactions;

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“Independent Third Party”	any third party that is not a connected person of the Company and the term “Independent Third Parties” shall be construed accordingly;
“Latest Practicable Date”	4 June 2015, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time;
“Marubeni”	Marubeni Corporation, a company incorporated in Japan with limited liability and whose shares are listed on Tokyo Stock Exchange Group, Inc.;
“Marubeni Current Agreements”	the Marubeni Master Purchase Agreement and the Marubeni Master Supply Agreement;
“Marubeni Group”	Marubeni and its subsidiaries from time to time;
“Marubeni Master Purchase Agreement”	the master purchase (renewal) agreement* (主購買(續期)協議) entered into between the Company and Marubeni PRC dated 6 November 2012;
“Marubeni Master Purchase (Renewal) Agreement”	the master purchase (renewal 2015) agreement* (主購買(2015年續期)協議) entered into between the Company and Marubeni PRC dated 7 May 2015;
“Marubeni Master Supply Agreement”	the master supply (renewal) agreement entered into between the Company and Marubeni dated 6 November 2012;
“Marubeni Master Supply (Renewal) Agreement”	the master supply (renewal 2015) agreement entered into between the Company and Marubeni dated 7 May 2015;
“Marubeni PRC”	Marubeni (PRC) Limited* (丸紅(中國)有限公司), a company established in the PRC and a subsidiary of Marubeni;
“Marubeni PRC Group”	Marubeni PRC and its subsidiaries from time to time;
“Marubeni Renewal Agreements”	the Marubeni Master Purchase (Renewal) Agreement and the Marubeni Master Supply (Renewal) Agreement;
“Non-Exempt Transactions”	the transactions contemplated under the GWE Renewal Agreements;

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“Partially Exempt Transactions”	the transactions contemplated under the Marubeni Renewal Agreements;
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan for the purposes of this circular;
“Purchase Supervisor”	the supervisor of the purchase centre of the Group;
“Relevant Purchase Department”	the purchase department of the relevant member of the Group involved in the purchase of products;
“Relevant Sales Department”	the sales department of the relevant member of the Group involved in the supply of products
“Relevant Sales Department Head”	the head of the sales department of the relevant member of the Group involved in the supply of products
“Renewal Agreements”	GWE Renewal Agreements and Marubeni Renewal Agreements;
“RMB”	Renminbi Yuan, the lawful currency of the PRC;
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.1 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	has the meaning ascribed to it under the Listing Rules and the term “subsidiaries” shall be construed accordingly;
“Transactions”	the transactions contemplated under each of the Renewal Agreements;
“underlying shares”	has the meaning ascribed to it under the Part XV of the SFO; and
“%”	per cent.

LETTER FROM THE BOARD



DACHAN FOOD (ASIA) LIMITED

大成食品(亞洲)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3999)

Executive Directors:

Mr. Han Jia-Hwan (*Chairman*)
Mr. Han Chia-Yin (*Chief Executive Officer*)

Non-executive Directors:

Mr. Han Chia-Yau
Mr. Harn Jia-Chen
Mr. Nicholas William Rosa
Mr. Chao Tien-Shin

Independent Non-executive Directors:

Mr. Way Yung-Do
Mr. Chen Chih
Mr. Wei Anning

Registered Office:

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

Principal Place of Business in Hong Kong:

Suite 1806, Tower 1
The Gateway
25 Canton Road
Tsimshatsui, Kowloon
Hong Kong

11 June 2015

To the Shareholders

Dear Sir or Madam,

RENEWAL OF VARIOUS CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

Reference is made to the Announcement in relation to the Renewal Agreements. As disclosed in the Announcement, the Company entered into the following agreements on 7 May 2015:

1. GWE Master Purchase (Renewal) Agreement with GWE;
2. GWE Master Supply (Renewal) Agreement with GWE;
3. Marubeni Master Purchase (Renewal) Agreement with Marubeni PRC; and
4. Marubeni Master Supply (Renewal) Agreement with Marubeni.

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Listing Rules Implications

GWE is the ultimate controlling shareholder of the Company which indirectly holds approximately 52.04% of the issued share capital of the Company as at the Latest Practicable Date. Marubeni, the ultimate holding company of Marubeni PRC, is a substantial shareholder of a subsidiary of the Company. Therefore, each of GWE, Marubeni and Marubeni PRC is a connected person of the Company under the Listing Rules and hence, each of the Transactions constitutes a connected transaction.

At least one of the applicable percentage ratios (other than the profits ratio) calculated based on the respective proposed annual caps of the each of the Transactions exceeds 5%. Whilst it was disclosed in the Announcement that the Transactions are subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements in accordance with the Listing Rules, given (i) Marbeni PRC and Marubeni are connected persons at subsidiary level of the Company; (ii) the Partially Exempt Transactions are on normal commercial terms or better; (iii) the Board has approved the Partially Exempted Transactions; and (iv) the independent non-executive Directors have confirmed that the terms of the Partially Exempt Transactions are fair and reasonable, the Partially Exempt Transactions are on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, the Company is exempt from the circular, independent financial advice and independent Shareholders' approval requirements in respect of the Partially Exempt Transactions pursuant to Rule 14A.101 of the Listing Rules.

As a result, the purposes of this circular are: (i) to provide the Shareholders with further information regarding the details of the Non-Exempt Transactions and their respective proposed annual caps as mentioned in the Announcement; (ii) to set out the recommendation of the Independent Board Committee to the Independent Shareholders and the advice of the independent financial advisor to the Independent Board Committee and the Independent Shareholders in relation to the Non-Exempt Transactions; and (iii) to give the Shareholders the notice of the EGM and other information required under the Listing Rules.

The Independent Board Committee, comprising three independent non-executive Directors namely Mr. Way Yung-Do, Mr. Chen Chih, and Mr. Wei Anning, none of whom has any material interest in the Non-Exempt Transactions, has been established to advise the Independent Shareholders as to (i) whether the terms of the Non-Exempt Transactions and their respective proposed annual caps are fair and reasonable in so far as the Company and the Independent Shareholders are concerned; (ii) whether the Non-Exempt Transactions are on normal commercial terms or better and in the ordinary and usual course of business of the Group; (iii) whether the Non-Exempt Transactions are in the interests of the Company and the Shareholders as a whole; and (iv) how to vote on the Non-Exempt Transactions. Investec has been appointed as the independent financial advisor to advise the Independent Board Committee and the Independent Shareholders in this respect.

LETTER FROM THE BOARD

RENEWAL OF VARIOUS CONTINUING CONNECTED TRANSACTIONS

Background

Reference is made to the Company's announcement dated 6 November 2012 and the Company's circular dated 3 December 2012 regarding, among others, various continuing connected transactions contemplated under the GWE Current Agreements.

As the terms of the GWE Current Agreements shall expire on 31 December 2015 and the Company and its subsidiaries intended to carry on transactions of similar nature to those under the GWE Current Agreements with the GWE Group in their ordinary and usual course of business, the Company entered into the GWE Renewal Agreements on 7 May 2015 which will be effective for three years starting from 1 January 2016.

GWE Renewal Agreements

1. GWE Master Purchase (Renewal) Agreement

Set out below are the principal terms of the GWE Master Purchase (Renewal) Agreement:

- Date: 7 May 2015
- Parties:
- (i) the Company – the purchaser (for itself and on behalf of other members of the Group); and
 - (ii) GWE – the supplier (for itself and on behalf of other members of the GWE Group).
- Duration: Subject to the approval of the Independent Shareholders at the EGM, 3 years starting from 1 January 2016 to 31 December 2018.
- Major terms: GWE shall sell and shall procure any and all members of the GWE Group to sell and the Company shall purchase and shall procure any and all members of the Group to purchase products which includes:
- (i) the products of the relevant members of the GWE Group (including any instalment of the products or any parts for them); and
 - (ii) the products manufactured by the relevant member of the GWE Group in conformance with specifications and requirements specified by the relevant member of the Group,

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on a non-exclusive basis in accordance with contracts to be entered into between the relevant members of the Group and the relevant members of the GWE Group from time to time.

The terms and conditions of contract for sale and purchase of products shall only comprise (i) the written quotation of the relevant member of the GWE Group accepted by the relevant member of the Group or (ii) written order of the relevant member of the Group accepted by the relevant member of the GWE Group, subject in either case to the terms and conditions of the GWE Master Purchase (Renewal) Agreement to the exclusion of any other terms and conditions subject to which any such quotation is accepted or purported to be accepted or any such order is made or purported to be made by the relevant member of the Group.

Price determination: The prices of the products shall be agreed between the parties to the relevant contract of purchase on an arms' length basis and shall be on normal commercial terms or terms no less favourable to the relevant member of the Group than terms available to Independent Third Parties by the relevant member of GWE Group in respect of the sale of products of such member and shall be within the range of fair price prevailing on the market of the same or similar products in the PRC for the time being.

Details of price determination mechanism for the products purchased under the GWE Master Purchase (Renewal) Agreement are disclosed under the section "**PRICING POLICIES AND INTERNAL CONTROL MEASURES REGARDING PRICE DETERMINATION FOR THE NON-EXEMPT TRANSACTIONS**" below.

Payment: The relevant members of the Group shall pay the price of the products within 60 days of the date of the invoice sent from the relevant member of the GWE Group after the delivery of products.

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2. GWE Master Supply (Renewal) Agreement

Set out below are the principal terms of GWE Master Supply (Renewal) Agreement:

Date: 7 May 2015

Parties: (i) the Company – the supplier (for itself and on behalf of other members of the Group); and
(ii) GWE – the purchaser (for itself and on behalf of other members of the GWE Group).

Duration: Subject to the approval of the Independent Shareholders at the EGM, 3 years starting from 1 January 2016 to 31 December 2018.

Major terms: The Company shall sell and shall procure any and all members of the Group to sell and GWE shall purchase and shall procure any and all members of the GWE Group to purchase products which include:

- (i) the products of the relevant members of the Group (including any instalment of the products or any parts for them); and
- (ii) the 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 contracts to be entered into between the relevant members of the Group and the relevant members of the GWE Group from time to time.

The terms and conditions of contract for sale and purchase of products shall only comprise (i) the written quotation of the relevant member of the Group accepted by the relevant member of the GWE Group or (ii) written order of the relevant member of the GWE Group accepted by the relevant member of the Group, subject in either case to the terms and conditions of the GWE Master Supply (Renewal) Agreement to the exclusion of any other terms and conditions subject to which any such quotation is accepted or purported to be accepted or any such order is made or purported to be made by the relevant member of the GWE Group.

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Price determination: The price of the products shall be agreed between the relevant member of the Group and the relevant member of GWE Group by reference to the cost of production for the products involved and using the same price determination basis as that adopted by the relevant member of the Group from time to time for sale of same or similar products to its other customers who are Independent Third Parties.

Details of the price determination mechanism for the products supplied under the GWE Master Supply (Renewal) Agreement are disclosed under the section “**PRICING POLICIES AND INTERNAL CONTROL MEASURES REGARDING PRICE DETERMINATION FOR THE NON-EXEMPT TRANSACTIONS**” below.

Payment: The relevant members of the GWE Group shall pay the price of the products within 60 days of the date of the invoice sent from the relevant member of the Group after the delivery of products.

PRICING POLICIES AND INTERNAL CONTROL MEASURES REGARDING PRICE DETERMINATION FOR THE NON-EXEMPT TRANSACTIONS

1. Purchase of products under GWE Master Purchase (Renewal) Agreement

The Group purchases (i) flour and coated flour and (ii) fermented soybean meal from the GWE Group from time to time.

The internal purchase policies of the Group requires the Group to enter into annual purchase contracts with at least 2 suppliers in respect of items which it makes routine purchases. Therefore, the Group enters into annual purchase contracts with at least 2 suppliers (including GWE Group) in respect of flour and coated flour. The purchase prices of various types of flour and coated flour are determined in the annual purchase contracts and may be subject to adjustments to be agreed by both parties after a certain period of time. Given there is no public reference price in the market for the particular type of flour or coated flour whose composition and ingredients are identical to those sourced by the Group, in determining whether the purchase prices or the suggested adjusted price are reasonable, the Group considers (i) the selling prices of substituting products from other suppliers which include Marubeni PRC Group and/or Independent Third Parties; (ii) the prevailing price trend of wheat for production of flour or coated flour in the PRC as shown in the website of Zhengzhou Commodity Exchange and other independent online sources; (iii) the expected price trend of wheat and other raw materials for production of flour or coated flour in the PRC in the coming quarter assessed by the Group with reference to the future contract prices as shown in the website of Zhengzhou Commodity Exchange and other independent online sources and the relevant news; and (iv) the components and ingredients of the products to be purchased. The Purchase Supervisor, who has over 15 years of experience in the food industry and has led the purchase department of the Company for 7 years, reviews the purchase price or suggested adjusted price with reference to the factors

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above. If the Purchase Supervisor is satisfied that the purchase prices stipulated in the annual purchase contract or the suggested adjusted price (as the case may be) are reasonable, he/she will approve the contract or the price adjustment (as the case may be).

The actual volume of purchase from a particular supplier is not specified in the annual purchase contracts. The Group may buy flour or coated flour from any supplier with which has entered into an annual purchase contract. When the Group has to purchase flour or coated flour, it will first consider (i) whether the clients of the Group have any preference or specific requirements on the ingredient or source of production of flour or coated flour and (ii) whether the research and development team of the Group has any specific requirements on the flour or coated flour to be used. If so, the Relevant Purchase Department will only select from the supplier meeting all the required specifications. Where more than one supplier meet the required specifications, the Relevant Purchase Department will make purchases from the one which offers the best terms. If there is no required specifications, the Relevant Purchase Department will make purchases from the supplier which offers the best price for the Group.

In respect of the purchase of fermented soybean meal, the Group did not enter into any annual purchase contracts with any entity. Whenever the Group needs to purchase fermented soybean meal, it informs the potential suppliers (including GWE Group) of the amount of intended purchase and asks for quotations from them. Unlike flour or coated flour, the type of soybean meal sourced by the Group is common in the market. The Relevant Purchase Department therefore obtains quotations from at least 2 Independent Third Parties and compares their quoted prices directly. In determining from which supplier the Group purchases soybean meal, the Relevant Purchase Department takes account of (i) the quotations from various potential suppliers and (ii) the quality of soybean meal of various potential suppliers. Quotation is the primary consideration of the Relevant Purchase Department when they source fermented soybean meal. The relevant member of the Group only enters into purchase contract with GWE when GWE offers the most favourable price compared with other potential suppliers.

2. Supply of products under GWE Master Supply (Renewal) Agreement

The Group supplies the aquatic animal feed products and fresh meat products to members of GWE Group.

After receiving the GWE Group's request for the aquatic animal feed products and fresh meat products, the Group will give a written quotation to the GWE Group.

Price is considered by the Group as the most important term of the quotation.

- (a) In relation to the aquatic animal feed products, the Group will determine the quoted price with reference to the costs of production plus a margin acceptable by the Group given no other customers purchase this particular type of products from the Group. The Group will then form the internal reference price on that basis and the internal reference price will be entered into the information system maintained by the Group.

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- (b) In relation to the fresh meat products, the Company obtains the fair price prevailing on the market for the products concerned normally from local agricultural market as reported by the regional managers of the Group in various regions each Monday, Wednesday and Friday. After obtaining the fair price information, the Group will normally form the internal reference price of the products taking account of the fair price and the cost of production of the products. The internal reference price will be entered into the information system maintained by the Group.

Apart from the price, the Relevant Sales Department will also consider factors such as the payment terms, credit limit and validity period of credit, the specific needs and overall purchasing volume of the relevant member of the GWE Group. If the quotation price is below the internal reference price in the information system, the Relevant Sales Department Head has to review the terms proposed by the Relevant Sales Department and ensure the terms offered to GWE Group are no less favourable than those offered to Independent Third Parties.

Where it is the GWE Group which makes the offer or counter-offer for purchase of the Group's products, the Relevant Sales Department will first compare (i) the terms of offer or counter-offer against the terms of supply agreed between the Group and other purchasers, especially those in respect of price of goods, credit terms for payment and goods delivery arrangement and (ii) the terms of payment, credit limit and validity period of credit, the business reputation, specific needs and overall purchasing volume of the independent purchasers and those of the relevant member of the GWE Group. The Relevant Sales Department Head will then review the terms again. It is only when the Relevant Sales Department Head confirms that the terms offered or counter-offered by the GWE Group are no less favourable than those terms available by the Group to the Independent Third Parties, will the relevant member of the Group enter into supply contracts with the relevant member of the GWE Group.

In determining the terms of supply, the Group treats the GWE Group equally as other purchasers (if any) save and except that the long established business relationship is taken into account.

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HISTORICAL FIGURES

The following table sets out the respective aggregate value of products sold and purchased under each of the GWE Current Agreements for the two years ended 31 December 2014 and the 3 months ended 31 March 2015, their respective annual caps for the three years ending 31 December 2015, and the corresponding utilisation rates of the existing annual caps:

		For the year ended 31 December 2013 (audited) RMB'000	For the year ended 31 December 2014 (audited) RMB'000	For the 3 months ended 31 March 2015 (unaudited) (for actual amount only) / for the year ending 31 December 2015 (for annual cap only) RMB'000
Continuing connected transactions under the GWE Current Agreements				
1.	<i>GWE Master Purchase Agreement</i>	Actual	19,500	16,205
		Annual Caps	50,000	60,000
		Utilisation Rates [^]	39%	27%
2.	<i>GWE Master Supply Agreement</i>	Actual	122,371	210,467
		Annual Caps	250,000	300,000
		Utilisation Rates [^]	49%	70%

[^] The utilisation rates for transactions under the GWE Current Agreements for the 3 months ended 31 March 2015 was calculated based on one-fourth of the annual cap set for the year ended 31 December 2015.

LETTER FROM THE BOARD

PROPOSED ANNUAL CAPS

The following table sets out the respective proposed annual caps of the Non-Exempt Transactions under the each of the GWE Renewal Agreements:

		For the year ending 31 December 2016 RMB'000	For the year ending 31 December 2017 RMB'000	For the year ending 31 December 2018 RMB'000
Continuing connected transactions under the GWE Renewal agreements				
1.	<i>GWE Master Purchase (Renewal) Agreement</i>	Proposed annual cap	60,000	60,000
2.	<i>GWE Master Supply (Renewal) Agreement</i>	Proposed annual cap	400,000	450,000
			500,000	

The actual aggregate amount of transactions under each of the GWE Renewal Agreements will be reported orally or in writing to the finance manager of the Group by the accounting staff of the relevant members of the Group within 10 days after the end of each quarter. If the aggregate transaction amount under any GWE Renewal Agreements during the previous quarters exceeds 70% of the annual cap, the accounting staff of the relevant members of the Group will be required to do monthly or bi-weekly reporting of the transaction amount.

The Company will inform the members of the Group conducting transactions with the connected person when the aggregate transaction amount under any of the GWE Renewal Agreements reaches 90% of the annual cap and require the relevant members of the Group to seek approval from chief financial officer of the Group before the supply or purchase contract is entered into so as to ensure the annual cap is not exceeded.

LETTER FROM THE BOARD

REASONS FOR THE PROPOSED ANNUAL CAPS

The major bases and assumptions for determining the proposed annual caps of the Non-Exempt Transactions are set out below.

1. Proposed annual caps for transactions contemplated under GWE Master Purchase (Renewal) Agreement

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

- (i) the historical value of products purchased by the Group from the GWE Group;
- (ii) the anticipated rise of future demands of the Group in the flour and coated flour supplied by the GWE Group with reference the production capacity of the Group and the production needs of the Group in view of the Group's plan to expand its processed food segment and put greater effort on promoting the sales of processed food products of the Group; and
- (iii) the expected future price of the products taking into account the trend of prevailing market prices of the raw materials and the same, similar, or substituting products traded in the regions in which the relevant subsidiaries of the Group operate and the expected inflation rates.

2. Proposed annual caps for transactions contemplated under GWE Master Supply (Renewal) Agreement

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

- (i) the historical value of products supplied by the Group to the GWE Group;
- (ii) the anticipated future sales volume of the products supplied by the Group to the GWE Group;
- (iii) the expected effect of future price fluctuation of the raw materials (such as corns and soybean) required for the production of processed feeds on the costs of production and particularly, the expected escalation of corn price due to the effect of climate change; and
- (iv) the expected increase of future price of the fresh meat products taking into account the expected resumption of price of fresh chicken meat to a normal level after the significant oversupply of fresh meat products in the PRC.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The Directors (including the independent non-executive Directors) consider that the terms of each of the GWE Renewal Agreements are fair and reasonable in so far as the Company and the Independent Shareholders are concerned, on normal commercial terms or better and in the ordinary and usual course of business of the Group and it is in the interests of the Company and the Shareholders as a whole to enter in to the Non-Exempt Transactions for the following reasons:

1. GWE Master Purchase (Renewal) Agreement

The GWE Group has been a very reliable supplier of high quality raw materials to the Group. By entering into the GWE Master Purchase (Renewal) Agreement, 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.

2. GWE Master Supply (Renewal) Agreement

The GWE Group is a major client of the Group. It is beneficial to the Group to secure a closer and long term supplier-customer relationship with the GWE Group by entering into the GWE Master Supply (Renewal) Agreement. It is expected that the entering into of such agreement can generate good revenue for the Group.

LISTING RULES IMPLICATIONS

GWE is the ultimate controlling shareholder of the Company which indirectly holds approximately 52.04% of the issued share capital of the Company as at the Latest Practicable Date. Marubeni, the ultimate holding company of Marubeni PRC, is a substantial shareholder of a subsidiary of the Company. Therefore, each of GWE, Marubeni and Marubeni PRC is a connected person of the Company under the Listing Rules and hence, each of the Transactions constitutes a connected transaction.

Mr. Han Chia-Yin, Mr. Han Chia-Yau, Mr. Harn Jia-Chen and Mr. Chao Tien-Shin are common directors of the Company and GWE and were required under the articles of association of the Company to abstain, and did abstain, from voting on the Board resolutions to approve the GWE Renewal Agreements and their respective proposed annual caps.

Save as disclosed above, none of the Directors has a material interest in the Transactions which required them to abstain from voting on the Board resolution to approve the same.

At least one of the applicable percentage ratios (other than the profits ratio) calculated based on the respective proposed annual caps of the each of the Transactions exceeds 5%. Whilst it was disclosed in the Announcement that the Transactions are subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements in accordance with the Listing Rules, given (i) Marbeni PRC and Marubeni are connected persons at subsidiary level of the Company; (ii) the Partially Exempt Transactions

LETTER FROM THE BOARD

are on normal commercial terms or better; (iii) the Board has approved the Partially Exempted Transactions; and (iv) the independent non-executive Directors have confirmed that the terms of the Partially Exempt Transactions are fair and reasonable, the Partially Exempt Transactions are on normal commercial terms or better and in the interests of the Company and Shareholders as a whole, the Partially Exempt Transactions are exempt from the circular, independent financial advice and independent Shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

The Independent Board Committee, comprising three independent non-executive Directors namely Mr. Way Yung-Do, Mr. Chen Chih, and Mr. Wei Anning, none of whom has any material interest in the Non-Exempt Transactions, has been established to advise the Independent Shareholders as to (i) whether the terms of the Non-Exempt Transactions and their respective proposed annual caps are fair and reasonable in so far as the Company and the Independent Shareholders are concerned; (ii) whether the Non-Exempt Transactions are on normal commercial terms or better and in the ordinary and usual course of business of the Group; (iii) whether the Non-Exempt Transactions are in the interests of the Company and the Shareholders as a whole; and (iv) how to vote on the Non-Exempt Transactions. Investec has been appointed as the independent financial advisor to advise the Independent Board Committee and the Independent Shareholders in this respect.

Shareholders who have material interests in any of the Non-Exempt Transactions, including but not limited to GWE and/or their respective associates, are required to abstain from voting in resolutions proposed to approve the relevant Non-Exempt Transactions and their respective proposed annual caps.

GENERAL INFORMATION ON THE PARTIES

The Group is a leading fully integrated animal protein provider whose products range from feeds, poultry and advanced nutritional formulas for aquatic animals to processed foods. 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).

The principal business of GWE is production and processing of soybean products, feeds and chicken meat.

EGM

The Company will hold the EGM at Xiamen Suites I-II, 3/F., Prince Hotel, Harbour City, Kowloon, Hong Kong on 26 June 2015, Friday at 3:00 p.m., or immediately after the conclusion or adjournment of the annual general meeting of the Company to be held on the same day, at which resolutions will be proposed for the purposes of considering and if thought fit, approving the Non-Exempt Transactions and their respective proposed annual caps. The notice of the EGM is set out on pages 47 and 49 of this circular.

A form of proxy for use at the EGM is enclosed in 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 on the form and return it to the Company's branch share

LETTER FROM THE BOARD

registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, 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 of the EGM. Completion and return of the form of proxy shall not preclude you from attending and voting at the EGM or any adjournment of the EGM should you so desire.

CLOSURE OF REGISTER OF MEMBERS

The Hong Kong branch register of members of the Company will be closed from 24 June 2015, Wednesday, to 26 June 2015, Friday (both dates inclusive), for the purposes of determining the entitlements of the Shareholders to attend and vote at the EGM. No transfer of the Shares may be registered during the said period. In order to qualify to attend and vote at the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:30 p.m. on 23 June 2015, Tuesday.

VOTING BY POLL

In accordance with Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, the voting on all resolutions at the EGM will be conducted by way of poll.

RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 20 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders regarding the resolutions to approve the Non-Exempt Transactions and their respective proposed annual caps; (ii) the letter from Investec, the independent financial advisor, set out on pages 21 to 39 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the Non-Exempt Transactions and their respective proposed annual caps; and (iii) additional information set out in the appendix to this circular.

The Independent Board Committee, having taken into account the advice of Investec, the independent financial advisor, considers that the terms of the Non-Exempt Transactions and their respective proposed annual caps are fair and reasonable in so far as the Company and the Independent Shareholders are concerned and the Non-Exempt Transactions are on normal commercial terms or better and in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole. 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.

The Board considers that the Non-Exempt Transactions and their respective proposed annual caps are fair and reasonable in so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a

LETTER FROM THE BOARD

whole and therefore recommend you to vote in favour of all the resolutions in respect of the Non-Exempt Transactions and their respective proposed annual caps to be proposed at the EGM.

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

*The English transliteration of the Chinese name(s) in this circular, where indicated with *, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

11 June 2015

To: the Independent Shareholders

Dear Sir or Madam,

RENEWAL OF VARIOUS CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of the Company dated 11 June 2015 of the Company (the “**Circular**”) to the Shareholders, of which this letter forms part. Terms defined in the Circular have 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, 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 Investec set out on pages 5 to 19 and pages 21 to 39 of the Circular respectively.

Having taken into account of the advice of Investec, the independent financial advisor, we consider that (i) the terms of the Non-Exempt Transactions and their respective proposed annual caps are fair and reasonable in so far as the Company and the Independent Shareholders are concerned; (ii) the Non-Exempt Transactions are on normal commercial terms or better and in the ordinary and usual course of business of the Group; and (iii) the Non-Exempt Transactions are in the interests of the Company and the Shareholders as a whole. 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.

Yours faithfully,

Way Yung-Do, Chen Chih and Wei Anning
Independent Board Committee

LETTER FROM INVESTEC

The following is the text of the letter of advice from Investec Capital Asia Limited to the Independent Board Committee and the Independent Shareholders in relation to the GWE Renewal Agreements and the proposed annual caps prepared for the purpose of incorporation in this circular.



Investec Capital Asia Limited
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Tel/電話: (852) 3187 5000
Fax/傳真: (852) 2501 0171
www.investec.com

11 June 2015

To: The Independent Board Committee and
the Independent Shareholders of
DaChan Food (Asia) Limited

Dear Sirs,

RENEWAL OF VARIOUS CONTINUING CONNECTED TRANSACTIONS

I. INTRODUCTION

We refer to our appointment as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders with regard to the Non-Exempt Transactions. Details of the GWE Renewal Agreements and the proposed annual caps for the three years ending 31 December 2018 (the “**New Annual Caps**”) are contained in the circular to the Shareholders dated 11 June 2015 (the “**Circular**”), of which this letter forms part. Unless otherwise stated, terms used in this letter have the same meanings as defined in the Circular.

On 6 November 2012, the Company entered into the GWE Current Agreements in respect of certain supply and purchase arrangements with GWE. As the GWE Current Agreements will expire on 31 December 2015 and the Company and its subsidiaries intend to carry on transactions of a similar nature to those under the GWE Current Agreements with the GWE Group in their ordinary and usual course of business, on 7 May 2015, the Group entered into the GWE Renewal Agreements which will be effective for three years starting from 1 January 2016.

GWE is the ultimate controlling shareholder of the Company and indirectly holds approximately 52.04% of the issued share capital of the Company as at the Latest Practicable Date. Therefore, GWE is a connected person of the Company and the transactions contemplated under the GWE Renewal Agreements constitute continuing connected transactions of the Company under the Listing Rules.

LETTER FROM INVESTEC

As at least one of the applicable percentage ratios (other than the profits ratio) calculated based on the respective proposed annual caps of the each of the Non-Exempt Transactions exceed 5%, pursuant to Rule 14.07 of the Listing Rules, the Non-Exempt Transactions constitute non-exempt continuing connected transactions of the Company and are subject to the reporting, announcement, shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising three independent non-executive Directors (none of whom has any material interest in the Non-Exempt Transactions), namely, Mr. Way Yung-Do, Mr. Chen Chih and Mr. Wei Anning, has been established to advise the Independent Shareholders as to (i) whether the terms of the Non-Exempt Transactions and their respective proposed annual caps are fair and reasonable in so far as the Company and the Independent Shareholders are concerned; (ii) whether the Non-Exempt Transactions are on normal commercial terms or better and in the ordinary and usual course of business of the Group; (iii) whether the Non-Exempt Transactions are in the interests of the Company and the Shareholders as a whole; and (iv) how to vote on the Non-Exempt Transactions. As the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in this respect.

As at the Latest Practicable Date, we were independent from and not connected with the Group in accordance with Rule 13.84 of the Listing Rules, and accordingly, qualified to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the GWE Renewal Agreements and the Non-Exempt Transactions. Apart from the normal advisory fee payable to us in connection with our appointment as the independent financial adviser, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

II. BASIS AND ASSUMPTIONS OF THE ADVICE

In formulating our advice, we have relied solely on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Group and/or the Directors. We have assumed that all such statements, information, opinions and representations contained or referred to in the Circular or otherwise provided or made or given by the Group and/or the Directors and/or its senior management staff (the "**Management**") and for which it is/they are solely responsible were true and accurate and valid at the time they were made and given and continue to be true and valid as at the date of the Circular. We have assumed that all the opinions and representations made or provided by the Directors and/or the Management contained in the Circular have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company and/or the Directors and/or the Management that no material facts have been omitted from the information provided and referred to in the Circular.

LETTER FROM INVESTEC

We consider that we have reviewed sufficient currently available information and documents which have been made available to us to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Group and/or the Directors and/or its Management and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Group, the GWE Group or any of their respective subsidiaries or associated companies.

III. PRINCIPAL FACTORS CONSIDERED

In formulating our recommendation, we have taken into consideration the following principal factors and reasons:

1. Background information

Information on the Group

The Group is a leading fully integrated animal protein provider whose products range from feeds, poultry and advanced nutritional formulas for aquatic animals to processed foods. The Group has more than 30 factories across the PRC, Vietnam and Malaysia. The Group distributes its products through domestic and international chain stores, wet markets, online stores distributors, supermarkets as well as the Group's own retail outlets and deli stores.

According to the annual report of the Company for the year ended 31 December 2014 (the "2014 Annual Report"), as the economy of China grew more slowly as compared with the previous year, and the government continued its stringent control over consumption with public funds, frugal spending has become a new norm, which affected the consumption of food and beverages. In respect of demand and supply of animal protein products, whilst sow inventories decreased, the production of commoditised pork still increased slightly, and thus did not contribute positively to the price. Pork prices did not recover throughout the year. Chicken meat prices were incidentally affected, and plummeted particularly in the 4th quarter. The pork and chicken meat price did not revive as expected before the Chinese New Year and caused serious negative effect to the entire animal protein industry.

As a result of, among other factors, the aforementioned, for the year ended 31 December 2014, turnover and gross profit of the Group decreased slightly, while expenses increased compared to those of the previous year. Due to the low pork prices and intensifying competition, the external sales volume of feeds in China decreased slightly, and the average selling prices also decreased along with the raw material prices which resulted in the decrease in income. Consolidated turnover of the Group decreased to approximately RMB11,406.2 million for the

LETTER FROM INVESTEC

year ended 31 December 2014 from approximately RMB11,751.9 million for the year ended 31 December 2013, representing a decrease of approximately 2.9%. Consolidated gross profit decreased to approximately RMB647.4 million for the year ended 31 December 2014 from approximately RMB695.2 million for the year ended 31 December 2013, representing a decrease of approximately 6.9%. Loss attributable to shareholders increased to approximately RMB108.5 million for the year ended 31 December 2014 from a loss of approximately RMB8.7 million for the year ended 31 December 2013, representing an increase of approximately 1,142.4%.

In respect of the business segments, turnover of the meat product segment, being the largest business segment of the Group, increased to approximately RMB5,115.7 million for the year ended 31 December 2014 from approximately RMB5,064.1 million for the year ended 31 December 2013, representing a slight increase by approximately 1.0%. Turnover of the livestock feeds (from external customers) segment, being the second largest business segment of the Group, increased to approximately RMB5,921.9 million for the year ended 31 December 2014 from approximately RMB4,888.4 million for the year ended 31 December 2013, representing a slight increase by approximately 0.70%. In this segment, we note from the 2014 Annual Report that growth in Southeast Asia cushioned the decrease in business in the PRC. Turnover of the processed food segment, however, decreased to approximately RMB1,368.6 million for the year ended 31 December 2014 from approximately RMB1,799.4 million for the year ended 31 December 2013, representing a decrease of approximately 23.9%. According to the 2014 Annual Report, the main reason for the decrease was the poor sales performance of the Group's key customers, which resulted in the decrease in the volume of products supplied by the Group.

Information on GWE

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

The GWE 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 sold products, such as raw materials for manufacturing animal feeds, chicken meat products and aquafeed products to the GWE Group under the GWE Master Supply Agreement dated 6 November 2012, which set out the master principles and terms of such transactions between the Group and the GWE Group. Furthermore, the Group has from time to time in its ordinary and usual course of business purchased raw materials, which are mainly raw materials for the production of chicken processed food from the GWE Group under the GWE Master Purchase Agreement dated 6 November 2012, which set out the master principles and terms of such transactions between the Group and the GWE Group.

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2. Reasons for and benefits of the Non-Exempt Transactions

Details of the reasons for and Benefits of the Non-Exempt Transactions are set out in the section headed “Reasons for and Benefits of the Continuing Connected Transactions” in the letter from the Board (the “**Letter from the Board**”). We also understand from our discussions with the Management that the purpose of entering into the GWE Renewal Agreements is due to the expiry of the GWE Current Agreements on 31 December 2015 and to facilitate the conduct of transactions of similar nature to those under the GWE Current Agreements and to renew the terms of the transactions, including the New Annual Caps, for further three years from 1 January 2016 to 31 December 2018. The Non-Exempt Transactions are carried out as part of the principal business of the Group.

In addition and based on our discussion with the Company, we understand that:

- (i) the Group and the GWE Group have maintained a long-term positive business relationship with each other, which includes (i) the Group supplying meat and feeds products, such as chicken meat products, raw materials for manufacturing animal feeds and aquafeed products to the GWE Group for over 10 years; and (ii) the Group purchasing raw materials, which are mainly for the production of processed food from the GWE Group for over 10 years;
- (ii) the GWE Group has been a reliable supplier of quality raw materials to the Group and the entering into of the GWE Master Purchase (Renewal) Agreement will continue to secure a long term of supply of high quality raw materials and products which will be beneficial to the growth of the Group’s business; and
- (iii) the GWE Group has been a major customer of the Group and the entering into of the GWE Master Supply (Renewal) Agreement will continue to secure the long term customer relationship with the GWE Group and is expected to continue to generate a good source of revenue for the Group’s business.

Having considered (i) the principal business activities of the Company; and (ii) our discussions with the Company on the reasons for and benefits of entering into the Non-Exempt Transactions as set out above, we concur with the Directors’ view that the Non-Exempt Transactions (a) will secure the long-term supplier-customer relationship with the GWE Group; and (b) are in the ordinary and usual course of business of the Group and on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

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3. Principal terms of the GWE Renewal Agreements

The principal terms of the GWE Renewal Agreements are summarised in the following.

i. GWE Master Purchase (Renewal) Agreement

Pursuant to the GWE Master Purchase (Renewal) Agreement, GWE shall sell and shall procure any and all members of the GWE Group to sell and the Company shall purchase and shall procure any and all members of the Group to purchase products which include (i) the products of the relevant members of the GWE Group (including any instalment of the products of any parts for them); and (ii) the 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 contracts to be entered into between the relevant members of the Group and the relevant members of the GWE Group from time to time.

The terms and conditions of contract for sale and purchase of products in accordance with the GWE Master Purchase (Renewal) Agreement shall only comprise (i) the written quotation of the relevant member of the GWE Group accepted by the relevant member of the Group; or (ii) written order of the relevant member of the Group accepted by the relevant member of the GWE Group, subject to the terms and conditions of the GWE Master Purchase (Renewal) Agreement.

The prices of the products shall be agreed between the parties to the relevant contract of purchase on an arm's length basis, on normal commercial terms or terms no less favourable to the relevant member of the Group than terms available to Independent Third Parties by the relevant member of the GWE Group in respect of the sale of products of such member and within the range of fair price prevailing on the market of the same or similar products in the PRC for the time being.

Further information in respect of the pricing determination mechanisms is set out in the section headed "Pricing policies and internal control measures regarding price determination for the Non-Exempt Transactions" below.

ii. GWE Master Supply (Renewal) Agreement

Pursuant to the GWE Master Supply (Renewal) Agreement, the Company shall sell and shall procure any and all members of the Group to sell and GWE shall purchase and shall procure any and all members of the GWE Group to purchase products which include (i) the products of the relevant members of the Group (including any instalment of the products or any parts for them); and (ii) the products manufactured by the relevant members of the Group in conformance with specifications and requirements specified by the GWE Group,

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on a non-exclusive basis in accordance with contracts to be entered into between the relevant members of the Group and the relevant members of the GWE Group from time to time.

The terms and conditions of contract for sale and purchase of products in accordance with the GWE Master Supply (Renewal) Agreement shall only comprise (i) the written quotation of the relevant member of the Group accepted by the relevant member of the GWE Group; or (ii) written order of the relevant member of the GWE Group accepted by the relevant member of the Group, subject to the terms and conditions of the GWE Master Supply (Renewal) Agreement.

The price of products supplied under the GWE Master Supply (Renewal) Agreement shall be agreed between the relevant member of the Group and the relevant member of the GWE Group by reference to the cost of production for the products involved and using the same price determination basis as that adopted by the relevant member of the Group from time to time for sale of same or similar products to its other customers who are Independent Third Parties.

Further information in respect of the pricing determination mechanisms is set out in the section headed “Pricing policies and internal control measures regarding price determination for the Non-Exempt Transactions” below.

4. Pricing policies and internal control measures regarding price determination for the Non-Exempt Transactions

Based on our discussions with the Management, we understand that in addition to the pricing terms under the respective GWE Renewal Agreements, the Group has adopted the pricing policies and internal control measures (the “**Pricing Policies and Internal Control Measures**”) and applies the following pricing policies and measures when determining the price of products in respect of the Non-Exempt Transactions:

(i) Purchase of products under GWE Master Purchase (Renewal) Agreement

The Group purchases (i) flour and coated flour; and (ii) fermented soybean meal from the GWE Group from time to time.

In respect of the purchase of flour and coated flour, the internal purchase policies of the Group require the Group to enter into annual purchase contracts with at least two suppliers in respect of items which it makes routine purchases (such items include the products purchased under the GWE Master Purchase (Renewal) Agreement). Therefore, the Group enters into annual purchase contracts with at least two suppliers (including the GWE Group) in respect of flour and coated flour. The purchase prices of various types of flour and coated flour are determined in the annual purchase contracts and may be subject to adjustments to be agreed by both parties after a certain period of time. Given that there is no public reference price in the market for the particular type of flour or coated flour whose composition and ingredients are identical to those sourced by the Group, in

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determining whether the purchase prices or the suggested adjusted price are reasonable, the Group considers (i) the selling prices of substituting products from other suppliers, including the Marubeni PRC Group and/or Independent Third Parties; (ii) the prevailing price trend of wheat for production of flour or coated flour in the PRC as shown in the website of Zhengzhou Commodity Exchange and other independent online sources; (iii) the expected price trend of wheat and other raw materials for production of flour or coated flour in the PRC in the coming quarter assessed by the Group with reference to the future contract prices as shown in the website of Zhengzhou Commodity Exchange, other independent online sources and the relevant news; and (iv) the components and ingredients of the products to be purchased. The Purchase Supervisor, who has over 15 years of experience in the food industry and has led the purchase department of the Company for seven years, reviews the purchase price or suggested adjusted price with reference to the factors above. If the Purchase Supervisor is satisfied that the purchase prices stipulated in the annual purchase contract or the suggested adjusted price (as the case may be) are reasonable, he/she will approve the contract or the price adjustment (as the case may be).

The actual volume of purchase from a particular supplier is not specified in the annual purchase contracts. The Group may buy flour or coated flour from any supplier with which has entered into an annual purchase contract. When the Group has to purchase flour or coated flour, it will first consider (i) whether the clients of the Group have any preference or specific requirements on the ingredient or source of production of flour or coated flour; and (ii) whether the research and development team of the Group has any specific requirements on the flour or coated flour to be used. If so, the Relevant Purchase Department will only select from the supplier meeting all the required specifications. Where more than one supplier meets the required specifications, the Relevant Purchase Department will make purchases from the one which offers the best terms. If there are no required specifications, the Relevant Purchase Department will make purchases from the supplier which offers the best price for the Group.

In respect of the purchase of fermented soybean meal, the Group did not enter into any annual purchase contracts with any entity. Whenever the Group needs to purchase fermented soybean meal, it informs potential suppliers (including the GWE Group) of the amount of intended purchase and asks for quotations from them. Unlike flour or coated flour, the type of soybean meal sourced by the Group is common in the market. The Relevant Purchase Department therefore obtains quotations from at least two Independent Third Party suppliers and compares their quoted prices directly. In determining from which supplier the Group purchases soybean meal, the Relevant Purchase Department takes into account of (i) the quotations from various potential suppliers; and (ii) the quality of soybean meal of various potential suppliers. Quotation is the primary consideration of the Relevant Purchase Department when it sources fermented soybean meal. The relevant member of the Group only enters into purchase contracts with GWE when GWE offers the most favorable price compared with other potential suppliers.

LETTER FROM INVESTEC

(ii) Supply of products under GWE Master Supply (Renewal) Agreement

The Group supplies aquatic animal feed products and fresh meat products to members of the GWE Group.

After receiving the GWE Group's request for the aquatic animal feed products and fresh meat products, the Group will give a written quotation to the GWE Group.

Price is considered by the Group as the most important term of the quotation.

- (a) In relation to the aquatic animal feed products, the Group will determine the quoted price with reference to the costs of production plus a margin acceptable by the Group given no other customers purchase this particular type of products from the Group. The Group will then form the internal reference price on that basis and the internal reference price will be entered into the information system maintained by the Group.
- (b) In relation to fresh meat products, the Company obtains the fair price prevailing on the market for the products concerned normally from local agricultural markets as reported by the regional managers of the Group in various regions each Monday, Wednesday and Friday. After obtaining the fair price information, the Group will normally form the internal reference price of the products taking account of the fair price and the cost of production of the products. The internal reference price will be entered into the information system maintained by the Group.

Apart from the price, the Relevant Sales Department will also consider factors such as the payment terms, credit limit and validity period of credit, the specific needs and overall purchasing volume of the relevant member of the GWE Group. If the quotation price is below the internal reference price in the information system, the Relevant Sales Department Head has to review the terms proposed by the Relevant Sales Department and ensure the terms offered to GWE Group are no less favourable than those offered to Independent Third Parties.

Where it is the GWE Group which makes the offer or counter-offer for purchase of the Group's products, the Relevant Sales Department will first compare (i) the terms of offer or counter-offer against the terms of supply agreed between the Group and other purchasers, especially those in respect of price of goods, credit terms for payment and goods delivery arrangement; and (ii) the terms of payment, credit limit and validity period of credit, the business reputation, specific needs and overall purchasing volume of the independent purchasers and those of the relevant member of the GWE Group. The Relevant Sales Department Head will then review the terms again. It is only when the Relevant Sales Department Head confirms that the terms offered or counter-offered by the GWE Group are no less favourable than those terms

LETTER FROM INVESTEC

available by the Group to the Independent Third Parties, will the relevant member of the Group enter into supply contracts with the relevant member of the GWE Group.

In determining the terms of supply, the Group treats the GWE Group equally as other purchasers (if any) save and except that the long established business relationship is taken into account.

5. Our analysis on the terms and conditions of the GWE Renewal Agreements

i. GWE Master Purchase (Renewal) Agreement

Based on our discussions with the Company, we understand that the products purchased under the GWE Master Purchase (Renewal) Agreement consist of (i) primarily flour and coated flour for manufacturing processed food products of the Group, the majority of which are products with specification and requirements specified by the relevant member of the Group; and (ii) fermented soybean meal.

In respect of the purchases of flour and coated flour products by the Group, we note that the prices of flour and coated flour products purchased from the GWE Group may not all have direct comparable prices. However, we understand that the Group is required by the internal purchase policies of the Group to enter into annual purchase contracts with at least two suppliers in respect of flour and coated flour it purchases from time to time. We also understand that the Group has entered into annual purchase contracts of flour and coated flour with a number of suppliers (the “**Designated Suppliers**”), which include the GWE Group as well as Independent Third Parties and it may purchase flour and coated flour from any of the Designated Suppliers. Furthermore, we understand that while the actual volume of such purchases is not specified in the annual purchase contracts, the purchase prices of various types of flour and coated flour are fixed in the annual purchase contracts, which have been deemed reasonable and approved by the Purchase Supervisor, after taking into account (i) the selling prices of substituting products from other suppliers; (ii) the prevailing price trend of wheat for production of flour or coated flour in the PRC; (iii) the expected price trend of wheat for production of flour or coated flour in the PRC in the coming quarter; and (iv) the components and ingredients of the products to be purchased. We also understand from our discussions with the Management that such price determination mechanism is applied to all annual contracts entered into with all Designated Suppliers, including the GWE Group and Independent Third Parties.

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Furthermore, we understand that the Group will purchase flour and coated flour from the GWE Group only when the GWE Group (i) is the sole preferred supplier for the flour or coated flour by the clients of food products of the Group (the “**Relevant Clients**”) or meets all the specifications required by the Relevant Clients or the research and development team of the Group; or (ii) offers the best terms (including the price) to the Group as compared to other Designated Suppliers (if there is more than one Designated Suppliers) meet all the specifications required by the Relevant Clients or the research and development team of the Group, or if there are no required specification.

In respect of the purchase of fermented soybean meal, we note that the Group sources fermented soybean meal only in Vietnam. As the type of fermented soybean meal purchased by the Group is a rather standard and common product in the market, it is available from a number of suppliers (including the GWE Group). We understand that in making purchases of fermented soybean meal, the Group obtains and compares price quotation from the GWE Group and at least two Independent Third Party suppliers, and makes the purchase from the supplier that offers the most favourable price to the Group. We also understand that the GWE Group has been the main supplier of fermented soybean meal to the Group because the price quotation from the GWE Group is the lowest and its supply is more stable compared to other Independent Third Party suppliers which often involves brokers of fermented soybean meal traders.

ii. GWE Master Supply (Renewal) Agreement

Based on our discussions with the Company, we understand that the products supplied under the GWE Master Supply (Renewal) Agreement mainly consist of fresh meat products and aquatic animal feed products. We also understand from the Company that the majority of fresh meat products supplied to the GWE Group under the GWE Master Supply (Renewal) Agreement are rather standard, as such, there is an open and transparent market price to which suppliers and buyers can refer. We understand from our discussions with the Company that such prices are available from various publicly available websites which aggregate fresh meat prices in different regions in the PRC. For ease of internal reference, the Group has operated and applied an information system (the “**Information System**”) that provides, among others, (i) the prevailing market price of the relevant fresh meat products (such as chicken) in the local agricultural market (農貿市場) which is updated on a regular basis; and (ii) the pricing information of various products (such as fresh meat, aquatic animal feed and semi-processed and processed food) manufactured and sold by the Group. As such, when considering the prices for fresh meat and aquatic animal feeds, the Company can refer to the prices of the products in the Information System.

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The price of the fresh meat products quoted for transactions entered into with the GWE Group as well as Independent Third Parties is made with reference to the prevailing market price of the relevant products (such as chicken) from the Information System in the relevant region (i.e. the local market price reported by the regional managers of the Group in various regions each Monday, Wednesday and Friday), taking into account of a number of factors (such as transportation costs, purchasing volume and specific needs by the GWE Group).

In respect of the aquatic animal feeds products, we further understand from the Company that (i) the aquatic animal feed products supplied to the GWE Group are made from raw materials such as corn and soybeans, and have no directly comparable products supplied to other third parties; (ii) the supply of such aquatic animal feed products is a relatively new business of the Group and only available in Vietnam; and (iii) the price of such aquatic animal feed products for the transactions entered into with the GWE Group is determined with reference to the costs of production plus a margin acceptable by the Group for the processing, taking into account factors such as the purchase price of the relevant raw material products (such as corn and soybeans), overhead production costs and salaries expenses incurred by the Group.

In addition, we understand that the Relevant Sales Department Head will review and approve the terms (including the quotation price and the overall purchasing volume) proposed to the GWE Group before making the offer (and counter-offer as the case may be) to and/or entering into the definitive contracts with the GWE Group to ensure such are in accordance with the Pricing Policies and Internal Control Measures and is no less favourable than that offered to Independent Third Parties.

In considering the pricing policies and internal control measures which the Group applies in determining the price of products to ensure that the pricing policies and selection of suppliers are fair and reasonable, we understand from our discussions with the Management that the Group will apply the Pricing Policies and Internal Control Measures to govern the pricing determination of the Non-Exempt Transactions (including the monitoring of the New Annual Caps). We have reviewed the relevant supporting materials, including the manual in respect of Pricing Policies and Internal Control Measures, the internal purchase policies of the Group and the sample price information from the Information System which the Group will make reference to in the process of determining whether to enter into the Non-Exempt Transactions with the GWE Group.

In this regard, we are satisfied that the Pricing Policies and Internal Control Measures adopted by the Group to ensure that such pricing terms and selection of suppliers are fair and reasonable. As such, we concur with the Directors' view that the pricing policies and internal control measures taken by the Group to ensure that the pricing terms and selection of suppliers are arrived at a fair and reasonable manner.

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In addition, we have discussed with the Company and understand that, given the non-exclusive basis of the GWE Renewal Agreements, in the event that the terms (including the price) of the Non-Exempt Transactions are less favourable to that available to or from (as appropriate) Independent Third Parties, the Group has the flexibility of not entering into a definitive contract with the GWE Group and to purchase from or supply to Independent Third Parties instead.

Furthermore, we have also reviewed and compared the sample records, including the contracts, receipts and pricing terms, of certain historical transactions entered into between the Group and the GWE Group against those entered into between the Group and Independent Third Parties for comparable products purchased or supplied by the Group. We note from such comparison that the principal terms (including the prices) and pricing terms (including comparable margins) under such transactions with the GWE Group were in line with such stipulated in the contracts and/or agreements, and no less favourable to the Group, than those with the Independent Third Parties.

The Company has confirmed that the relevant transactions have been carried out in accordance with the terms of the GWE Current Agreements for the years ended 31 December 2013 and 2014. We also note from the 2014 Annual Report that the auditors and the independent non-executive directors of the Company have reviewed the Group's continuing connected transactions and confirmed that, among other things, the relevant transactions carried out in the years ended 31 December 2013 were carried out in the accordance with the terms of the above agreements. We have also reviewed the auditors' report on the continuing connected transactions for each of the two years ended 31 December 2013 and 2014 confirming that the relevant transactions carried out in the two years ended 31 December 2013 and 2014 were carried out in the accordance with the terms of the GWE Current Agreements.

Based on the above, we concur with the Directors' view that the terms of the GWE Renewal Agreements and the Non-Exempt Transactions are (i) entered on normal commercial terms; (ii) fair and reasonable and in the interests of the Company and the Shareholders as a whole.

6. Rationale for determining the New Annual Caps

Pursuant to Rule 14A.35 of the Listing Rules, the proposed sale and purchase as outlined in section headed "Principal Terms of the GWE Renewal Agreements" above are required to be subject to an annual cap for each financial year of the Company up to 31 December 2018. In connection with this, the Company sets out the actual transaction amounts in respect of the continuing connected transactions entered into pursuant to the GWE Current Agreements for each of the two years ending 31 December 2013 and 2014 and the three months ended 31 March 2015.

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Transaction amounts in respect of the continuing connected transactions under the GWE Current Agreements

<i>In RMB'000 unless otherwise indicated</i>	For the year ended 31 December 2013 <i>(audited)</i>	For the year ended 31 December 2014 <i>(audited)</i>	For the three months ended 31 March 2015 <i>(unaudited)</i>	For the year ended 31 December 2015 <i>(annualised)⁽¹⁾</i> <i>(estimate)</i>
GWE Master Purchase Agreement				
Actual	19,500	16,205	3,202	12,808
Annual Caps	50,000	60,000	70,000	70,000
Utilisation Rates ⁽²⁾	39%	27%	5%	18%
GWE Master Supply Agreement				
Actual	122,371	210,467	60,140	240,560
Annual Caps	250,000	300,000	360,000	360,000
Utilisation Rates ⁽²⁾	49%	70%	9%	67%

Notes:

- (1) The transaction amounts for the year ended 31 December 2015 are annualised based on the actual amounts for three months ended 31 March 2015.
- (2) The utilisation rate is calculated based on the annualised transaction amounts.

The table below sets out the respective proposed annual caps of the Non-Exempt Transactions under each of the GWE Renewal Agreements for the three financial years ending 31 December 2016, 2017 and 2018:

Proposed annual caps in respect of the Non-Exempt Transactions

<i>Approximately, in RMB'000 unless otherwise indicated</i>	For the year ended 31 December			Growth rate of the proposal annual cap from 2015 to 2016	CAGR ⁽¹⁾ of the proposed annual cap 2016-2018
	2016	2017	2018		
GWE Master Purchase (Renewal) Agreement	60,000	60,000	60,000	-14%	0%
GWE Master Supply (Renewal) Agreement	400,000	450,000	500,000	11%	12%

Note (1): Stands for compound annual growth rate

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We understand from the Company that the New Annual Caps for the Non-Exempt Transactions under the GWE Renewal Agreements are determined after taking into account the following factors:

GWE Master Purchase (Renewal) Agreement

- (i) the historical value of products purchased by the Group from the GWE Group;
- (ii) the anticipated rise of future demand of the Group in the flour and coated flour supplied by the GWE Group with reference the production capacity of the Group and the production needs of the Group in view of the Group's plan to expand its processed food segment and put greater effort on promoting the sales of processed food products of the Group; and
- (iii) the expected future price of the products taking into account the trend of prevailing market prices of the raw material and the same, similar, or substituting products traded in the region in which the relevant subsidiary of the Group operates and the expected inflation rates.

GWE Master Supply (Renewal) Agreement

- (i) the historical value of products supplied by the Group to the GWE Group;
- (ii) the anticipated future sales volume of the products supplied by the Group to the GWE Group;
- (iii) the expected effect of future price fluctuations on raw materials (such as corn and soybeans) required for the production of processed feeds on the costs of production and particularly, the expected escalation of corn price due to the effect of climate change; and
- (iv) the expected increase in the future price of the fresh meat products taking into account the expected resumption of price of fresh chicken meat to a normal level after the significant oversupply of fresh meat products in the PRC.

We further understand from our discussions with the Management that the actual aggregate amount of transactions under each of the GWE Renewal Agreements will be reported orally or in writing to the finance manager of the Group by the accounting staff of the relevant members of the Group within 10 days after the end of each quarter. If the aggregate transaction amount under the GWE Renewal Agreements during the previous quarters exceeds 70% of the New Annual Caps, the accounting staff of the relevant members of the Group will be required to report the transaction amount on a monthly or bi-weekly reporting basis.

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The Company will inform the members of the Group conducting transactions with the connected person when the aggregate transaction amount under any of the GWE Renewal Agreements reaches 90% of the Annual Caps and require the relevant members of the Group to seek approval from the Chief Financial Officer of the Group before the supply or purchase contract is entered into so as to ensure the annual cap is not exceeded.

We have discussed with the Management and understand that the Group has adopted the Pricing Policies and Internal Control Measures to supervise and monitor the annual caps under the Non-Exempt Transactions. We have also reviewed the Group's manual of the internal control measures and procedures in respect of supervising and monitoring the annual caps under the Non-Exempt Transactions and consider that the Company has adequate controls to supervise and monitor the annual caps and to ensure that such caps to be approved by the Independent Shareholders are not exceeded.

We have also reviewed the historical actual transactions amounts in respect of the continuing connected transactions under the GWE Current Agreements and summarised the historical transaction amounts and the average annual growth rate for the period of 2010 and 2015 in the following.

Transaction amounts in respect of the continuing connected transactions under the GWE Current Agreements ⁽¹⁾

<i>Approximately, in RMB'000 unless otherwise indicated</i>	2010	2011	2012	2013	2014	2015 ⁽²⁾	CAGR ⁽³⁾
	<i>(actual)</i>	<i>(actual)</i>	<i>(actual)</i>	<i>(actual)</i>	<i>(actual)</i>	<i>(estimate)</i>	<i>(%)</i>
GWE Master Purchase Agreement	22,398	24,592	23,791	19,500	16,205	12,808	-11%
GWE Master Supply Agreement ⁽⁴⁾	3,410	145,706	109,443	122,371	210,467	240,560	134%

Notes:

- (1) Including the relevant previous master agreements replaced by the GWE Current Agreements;
- (2) Indicated the annualised transaction amounts;
- (3) Stands for compound annual growth rate;
- (4) The figures in 2011 and 2012 take into account the historical transactions amounts under the toll-milling service agreement entered into between the Group and the GWE Group on 1 March 2011 which was subsequently combined into the GWE Master Supply Agreement; and
- (5) Sources: the Company, the past annual reports of the Company and the circular of the Company dated 3 December 2012.

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In considering the fairness and reasonableness for the New Annual Caps, we have discussed with the Company the assumptions and basis of deriving the expected transaction value in determining the New Annual Caps and reviewed the relevant operational forecast of the Company and the market information, including the available transaction turnover forecast and the sample market price trend of the relevant products under the GWE Renewal Agreements for 2015 provided by the Company, in particular:

GWE Master Purchase (Renewal) Agreement

We note that the respective annual cap for the year ending 31 December 2015 (the “**2015 Cap**”) decreases by approximately 14% from RMB70 million to RMB60 million for the year ending 31 December 2016 (the “**2016 Cap**”) which remains the same for the next two years ending 31 December 2018. We also note that the rate of decrease of the respective cap from 2015 to 2016 is similar to the average rate of decrease of approximately 11% of the actual transaction amount under the GWE Master Purchase Agreement for the period of 2010 and 2015 as noted in the table above. Having discussed with the Company, we were advised that the downward adjustment of the annual caps for the three years ending 31 December 2018 is mainly due to the expected reduction in the value of the products purchased from the GWE Group after taking into account the low utilisation rate of the annual caps under the GWE Master Purchase Agreement since 2013 to 31 March 2015. We further understand from our discussions with the Company that such lower utilisation rate of the annual caps since 2013 to 31 March 2015 was primarily attributed to the slower sales of the Company’s processed food products (such as chicken meat products) that use the raw material products purchased from the GWE Group, which was affected by a number of adverse market factors, such as poor consumption sentiment towards raw meat products in light of concerns over raw meat quality and poor sales performance of the Group’s key customers. In addition, we understand that as the Company expects consumer sentiment towards raw meat products to recover after second half of 2015 and has formulated a marketing promotion plan to put greater effort on promoting the sales of food products of the Group, the Company expects the total value of the products purchased from the GWE Group to improve and return to the normal level for the coming three years.

GWE Master Supply (Renewal) Agreement

We note that the 2016 Cap increases by approximately 11% from the 2015 Cap of RMB360 million to RMB400 million, and increases by approximately 12% on average for the two years ending 31 December 2018. We also note the actual transaction amount under the GWE Master Supply Agreement for the period of 2010 and 2015 increased considerably by approximately 134% as noted in the table above. In addition, we note that the utilisation rate of the annual caps under the GWE Master Supply Agreement since 2013 to 31 March 2015 also increased from approximately 49% in 2013 to approximately 67% in 2015. Having discussed with the Company, we understand that the turnover for the products supply to GWE Group has increased steadily over the past years and the Company

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expects the steady increase to continue in the coming three years. The New Annual Caps have taken into account the expected increase in the transaction value of the products supplied to the GWE Group.

Furthermore, we have been advised by the Company that it makes a midterm budget due to the fluctuating nature of the trading business of food related products, including fresh meat and food products. As such, we understand that the Company has built a buffer into the New Annual Caps to cope with any unexpected fluctuations in demand for the Group's relevant products and further increase in prices, as well as to ensure that any unexpected interruption to the Company's operation in case such caps were to be exceeded is avoided.

The Directors believe that, in respect of each of the GWE Renewal Agreements, the aforementioned assumptions and considerations are appropriate bases for the New Annual Caps.

We have reviewed various supporting materials, including the relevant promotion plan of the Group, the anticipated future price of the relevant raw materials and fresh meat products (such as chicken meat, corn and soybean) provided by the Company, and overall sales turnover forecast (including the sales value and volume) of the food products supplied by Group. Having considered, among other things, the changing trends in food demand, the Company's promotion plans and the buffers to cope with any fluctuations including the previous revisions, we concur with the Directors' view that such assumptions are appropriate.

Having taken into account the basis in determining the New Annual Caps for the Non-Exempt Transactions for the three years ending 31 December 2018 and our relevant analysis and work performed as discussed above, we concur with the Directors' view that the New Annual Caps have been arrived at on a fair and reasonable basis.

7. Conditions of the New Annual Caps

There are certain conditions of the Caps to the Listing Rules, in particular, the restriction of the value of the Non-Exempt Transactions by way of the annual cap for each of the three financial years ending 31 December 2018 and the annual review by the independent non-executive Directors of the terms of the Non-Exempt Transactions and the New Annual Caps not being exceeded, details of which must be included in the Company's subsequent published annual reports and accounts. In addition, pursuant to the Listing Rules, each year the auditors of the Company must provide a letter to the Board confirming, among other things, that the Non-Exempt Transactions are conducted in accordance with the GWE Renewal Agreements and that the annual caps not being exceeded. Furthermore, pursuant to the Listing Rules, the Company shall publish an announcement if it knows or has reason to believe that the independent non-executive Directors and/or its auditors will not be able to confirm the terms of the Non-Exempt Transactions or the annual caps not being exceeded. We are of the view that there are appropriate measures in place to govern the conduct of the Non-Exempt Transactions and safeguard the interests of the Shareholders.

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IV. RECOMMENDATION

Having considered the above principal factors and reasons, we are of the opinion that (i) the terms of the Non-Exempt Transactions and their respective proposed annual caps are fair and reasonable in so far as the Company and the Independent Shareholders are concerned; (ii) the Non-Exempt Transactions are on normal commercial terms and in the ordinary and usual course of business of the Group; and (iii) the Non-Exempt Transactions are in the interests of the Company and the Shareholders as a whole. Accordingly, we would advise the Independent Board Committee and the Independent Shareholders that the Independent Shareholders should vote in favour of the relevant ordinary resolution to approve the GWE Renewal Agreements and the Non-Exempt Transactions (including the New Annual Caps) at the EGM.

Yours faithfully
For and on behalf of
Investec Capital Asia Limited
Alexander Tai
Managing Director
Head of Corporate Finance

Mr. Tai of Investec is a responsible officer of Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO. He has been active in the field of corporate finance advisory for over 20 years, and has been involved in and completed various corporate finance advisory transactions in Hong Kong.

1. RESPONSIBILITY OF THE DIRECTORS

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

2. DIRECTORS' INTERESTS

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

(a) Interest in shares of the Company

Name of Directors	Type of Interest	No. of Shares held	Approximate percentage of issued share capital of the Company (Note 1)
Han Jia-Hwan	Beneficial owner	344,000	0.03%
Han Chia-Yin (Note 2)	Beneficial owner / Interests of spouse	582,000	0.06%
Chao Tien-Shin (Note 3)	Interests of a controlled corporation / Interests jointly held with spouse	3,834,000	0.38%
Chen Chih	Beneficial owner	300,000	0.03%
Way Yung-Do	Beneficial owner	300,000	0.03%

Note:

- As at the Latest Practicable Date, the total number of the issued Shares was 1,016,109,000.

2. Mr. Han Chia-Yin held 382,000 Shares and was also deemed to be interested in 200,000 Shares held by his spouse by virtue of section 344 of the SFO.
3. Mr. Chao Tien-Shin was 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.

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

Name of Directors	Name of associated corporation	Type of Interest	No. of shares held	Approximate percentage of issued share capital of associated corporation (Note 1)
Han Chia-Yau	GWE	Beneficial owner	55,499	0.01%
Harn Jia-Chen	GWE	Beneficial owner	59,612	0.01%
Chao Tien-Shin (Note 2)	GWE	Interests of a corporation jointly controlled with spouse	9,763,123	1.33%

Note:

1. As at the Latest Practicable Date, the total number of the issued Shares was 1,016,109,000.
2. Mr. Chao Tien-Shin is deemed to be interested in 9,763,123 shares of GWE held by Qiao Tai Xing Investment Co. Limited which is controlled by Mr. Chao and his spouse.

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

3. SUBSTANTIAL SHAREHOLDERS' INTEREST

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

(a) Long Positions in shares of the Company

Name of Shareholder	Type of Interest	No. of shares held	Approximate percentage of issued share capital of the Company (Note 1)
Waverley Star Limited	Beneficial owner	375,899,946	36.99%
Asia Nutrition Technologies Corporation	Beneficial owner	152,924,906	15.05%
GWE (Note 1 and 2)	Interests of a controlled corporation	528,824,852	52.04%
Great Wall International (Holdings) Ltd.	Interests of a controlled corporation	528,824,852	52.04%
Continental Capital Limited (Note 3)	Beneficial owner	60,000,029	5.90%
Continental Grain Company	Interests of a controlled corporation	60,000,029	5.90%
Fribourg Grandchildren Family L.P.	Interests of a controlled corporation	60,000,029	5.90%
Fribourg Enterprises, LLC	Interests of a controlled corporation	60,000,029	5.90%

Name of Shareholder	Type of Interest	No. of shares held	Approximate percentage of issued share capital of the Company (Note 1)
Declaration of Trust dated May 31, 1957, for the benefit of Robert Fribourg	Interests of a controlled corporation	60,000,029	5.90%
Declaration of Trust dated May 31, 1957, for the benefit of Paul Jules Fribourg	Interests of a controlled corporation	60,000,029	5.90%
Declaration of Trust dated May 31, 1957, for the benefit of Nadine Louise Fribourg	Interests of a controlled corporation	60,000,029	5.90%
Declaration of Trust dated May 31, 1957, for the benefit of Charles Arthur Fribourg	Interests of a controlled corporation	60,000,029	5.90%
Trust Agreement Dated September 16, 1963, for the benefit of Caroline Renee Fribourg	Interests of a controlled corporation	60,000,029	5.90%
Fribourg Charles Arthur	Trustee	60,000,029	5.90%
Sosland Morton Irvin	Trustee	60,000,029	5.90%
Fribourg Paul Jules	Trustee	60,000,029	5.90%
Sun Hui Ying	Beneficial owner	50,978,000	5.02%

Notes:

- As at the Latest Practicable Date, the total number of the issued Shares was 1,016,109,000.

2. GWE was deemed to be interested in 528,824,852 Shares through its wholly-owned subsidiary Great Wall International (Holdings) Ltd., which in turn through two of its wholly-owned subsidiaries Waverley Star Limited and Asia Nutrition Technologies Corporation.
3. The following Directors are directors/employees of a company which had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:
 - (a) Mr. Han Chia-Yin is a director of GWE;
 - (b) Mr. Han Chia-Yau is a director of GWE and the chairman of the board of the directors of GWE. He is also a director of Waverley Star Limited, Asia Nutrition Technologies Corporation and Great Wall International (Holdings) Ltd.;
 - (c) Mr. Harn Jia-Chen is a director of GWE;
 - (d) Mr. Chao Tien-Shin is a director of GWE;
 - (e) Mr. Nicolas William Rosa is a director of Continental Capital Limited.

(b) Interests in subsidiaries of the Company

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

Name of subsidiary of the Company	Name of substantial shareholder	Approximate percentage of shareholding
Great Wall Dalian Investment Co., Ltd.	Marubeni	40%
Taixu & DaChan Foods Holdings Co., Limited	Taiwan Farm Holding Co., Limited	38.46%
Taixu & DaChan Foods Co., Limited	CAI Cathy Ltd.	15%
DaChan Livestock Development Co., Ltd.	Mengcun Hui Autonomous County Construction Investment Co., Ltd.	60%

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

4. MATERIAL ADVERSE CHANGES

The Directors confirm that, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2014 being the date up to which the latest published audited accounts of the Company were made.

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. DIRECTORS' INTEREST IN ASSETS OR CONTRACTS

As at the Latest Practicable Date, none of the Directors (i) had any interest in any assets which have been, since 31 December 2014 (being the date up to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group and (ii) was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting and significant in relation to the business of the Group.

7. COMPETING INTERESTS

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

8. EXPERT AND CONSENT

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

Name	Qualification
Investec Capital Asia Limited	A licensed corporation to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporation finance) and type 9 (asset management) regulated activities under the SFO.

Investec has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated 11 June 2015 and references to its name, in the form and context in which it appears.

As at the Latest Practicable Date, Investec 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 nor did it have any direct or indirect interest in any assets which have, since 31 December 2014 (being the date to which the latest published audited consolidated 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.

9 MISCELLANEOUS

- (a) The registered office of the Company is situated at Clifton House, 75 Fort Street, George Town, P.O. Box 1350, Grand Cayman KYI-1108, Cayman Islands and the principal place of business in Hong Kong is at Suite 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong.
- (b) The Company's branch share registrar in Hong Kong is Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) The secretary of the Company is Ms. Pang Siu Yin, a practising solicitor of Hong Kong.
- (d) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.

10. 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, Hong Kong, for a period of 14 days from the date of this circular:

- (a) this circular;
- (b) the letter from the Independent Board Committee, the text of which is set out in this circular;
- (c) the letter from Investec, the text of which is set out in this circular;
- (d) the written consent from Investec referred to in the section headed "Expert and Consent" in this appendix;
- (e) the GWE Master Purchase Agreement;
- (f) the GWE Master Purchase (Renewal) Agreement;
- (g) the GWE Master Supply Agreement; and
- (h) the GWE Master Supply (Renewal) Agreement.

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 Xiamen Suites I-II, 3/F., Prince Hotel, Harbour City, Kowloon, Hong Kong, on 26 June 2015, Friday, at 3:00 p.m., or immediately after the conclusion or adjournment of the annual general meeting of the Company to be held on the same day, to consider and, if thought fit, pass the following ordinary resolutions (with or without modifications):

ORDINARY RESOLUTIONS

1. “**THAT**

- (a) the GWE Master Purchase (Renewal) Agreement (as defined in the circular of the Company dated 11 June 2015 (the “**Circular**”), a copy of which will be produced to the meeting and marked “A” and initialled by the chairman of the EGM for the purpose of identification), the terms and the transactions contemplated thereunder together with the relevant proposed annual caps in relation to such transactions for three years ending 31 December 2018 as set out in the Circular be and are hereby approved, confirmed and ratified; and
- (b) any director of the Company be and is hereby authorised to take any step and execute such other documents as they consider necessary, desirable or expedient that are of administrative nature and ancillary to and for the purposes of carrying out or giving effect to the GWE Master Purchase (Renewal) Agreement or the transactions contemplated thereunder.”

2. “**THAT**

- (a) the GWE Master Supply (Renewal) Agreement (as defined in the Circular, a copy of which will be produced to the meeting and marked “B” and initialled by the chairman of the EGM for the purpose of identification), the terms and the transactions contemplated thereunder together with the relevant proposed annual caps in relation to such transactions for three years ending 31 December 2018 as set out in the Circular be and are hereby approved, confirmed and ratified; and

NOTICE OF EGM

- (b) any director of the Company be and is hereby authorised to take any step and execute such other documents as they consider necessary, desirable or expedient that are of administrative nature and ancillary to and for the purposes of carrying out or giving effect to or otherwise in connection with the GWE Master Supply (Renewal) Agreement or the transactions contemplated thereunder.”

By order of the Board
Han Jia-Hwan
Chairman

Hong Kong, 11 June 2015

Notes:

1. A member of the Company who is holder of two or more shares, and who is entitled to attend and vote at the EGM, is entitled to appoint more than one proxy to attend and vote on his/her behalf. A proxy need not be a member of the Company. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the EGM or any adjournment of the EGM. In such event, his/her form of proxy will be deemed to have been revoked.
2. A form of proxy for the EGM is enclosed to the notice of the EGM. In order to be valid, the form of proxy together with the power of attorney, if any, under which it is signed, or a notarially certified copy of such power or authority must be lodged at the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time for holding the EGM or any adjournment of the EGM.
3. The register of members of the Company will be closed from 24 June 2015, Wednesday to 26 June 2015, Friday (both dates inclusive) for the purposes of determining the entitlements of the members of the Company to attend and vote at the EGM. No transfer of the shares of the Company may be registered during the said period. In order to qualify for the aforesaid entitlements, all transfers must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:30 p.m. on 23 June 2015, Tuesday.
4. In accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the above resolutions will be voted by way of poll; shareholders of the Company who have material interests (within the meaning of the Listing Rules) in the transactions to be approved by the above resolutions, including but not limited to Great Wall Enterprise Co. Ltd. and/or its associate (within the meaning of the Listing Rules), are required to abstain from voting in relevant resolutions.
5. If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force at or after 1:00 p.m. on date of the EGM and/or the Hong Kong Observatory has announced at or before 1:00 p.m. on date of the EGM that either of the above mentioned warnings is to be issued within the next two hours, the EGM shall be postponed. The Company will post an announcement on the websites of the Company and the Stock Exchange to notify the Shareholders of the date, time and place of the rescheduled meeting.
6. The EGM will be held as scheduled when an amber or red rainstorm warning signal is in force. Members should make their own decision as to whether they would attend the EGM under bad weather conditions bearing in mind their own situations and if they choose to do so, they are advised to exercise care and caution.

NOTICE OF EGM

As at the date of this notice, the board of the directors of the Company comprises Mr. Han Jia-Hwan (Chairman) and Mr. Han Chia-Yin as executive directors of the Company, Mr. Han Chia-Yau, Mr. Harn Jia-Chen, Mr. Nicholas William Rosa and Mr. Chao Tien-Shin as non-executive directors of the Company and Mr. Way Yung-Do, Mr. Chen Chih and Mr. Wei Anning as independent non-executive directors of the Company.