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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**

Reference is made to the Company's prospectus dated 20 September 2007 and announcement dated 13 June 2008 regarding the entering into of various continuing connected transactions.

The Group has been conducting certain continuing connected transactions with GWE Group and Marubeni Group respectively in its ordinary and usual course of business, some of which are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules and some of which are also subject to the Independent Shareholders' approval requirements under the said rules.

Among those continuing connected transactions, the GW Master Supply Agreement and MB Master Supply Agreement will expire on 31 December 2009, the GW Trademarks Licence Deed will expire on 3 October 2010 and the GW Master Purchase Agreement and the MB Master Purchase Agreement will however expire on 31 December 2010.

In view of the above and for better management of the Company's continuing connected transactions, the Company has on 23 November 2009 renewed the relevant agreements to have all the aforesaid agreements to expire on the same expiry date of 31 December 2012. The agreements as renewed are substantially on the same terms as their previous ones.

Great Wall Enterprise is the ultimate controlling shareholder of the Company. As at the date of this announcement, Great Wall Enterprise indirectly holds approximately 52.32% through two of its wholly owned subsidiaries, namely Waverley Star Limited as to approximately 37.19% and Asia Nutrition Technologies Corporation as to approximately 15.13%. Marubeni Corporation, the ultimate holding company of Marubeni PRC, is a substantial shareholder of a subsidiary of the Company. Therefore, each of Great Wall Enterprise, Marubeni Corporation and Marubeni PRC is a connected person of the Company under the Listing Rules.

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

The Company will issue a circular to the Shareholders as soon as practicable to set out further details of the Non-Exempt Transactions, letters from the Independent Board Committee and the independent financial adviser, and a notice to convene the EGM.

## **INTRODUCTION**

Reference is made to the Company's prospectus dated 20 September 2007 and announcement dated 13 June 2008 regarding the entering into of various continuing connected transactions.

The Group has been conducting certain continuing connected transactions with GWE Group and Marubeni Group respectively in its ordinary and usual course of business, some of which are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules and some of which are also subject to the Independent Shareholders' approval requirements under the said rules.

Among those continuing connected transactions, the GW Master Supply Agreement and MB Master Supply Agreement will expire on 31 December 2009, the GW Trademarks Licence Deed will expire on 3 October 2010 and the GW Master Purchase Agreement and the MB Master Purchase Agreement will however expire on 31 December 2010.

In view of the above and for better management of the Company's continuing connected transactions, the Company has on 23 November 2009 renewed the relevant agreements to have all the aforesaid agreements to expire on the same expiry date of 31 December 2012. The agreements as renewed are substantially on the same terms as their previous ones.

## RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

### 1. Transactions exempt from Independent Shareholders' approval (i.e. Exempt Transactions)

Based on the proposed annual caps for the three years ending 31 December 2012, the following transactions are subject to the reporting and announcement requirements but are exempt from the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules:

#### 1.1 *GW Trademarks Licence (Renewal) Deed*

The Group has been licensed to use certain trademarks owned by the GWE Group for the Group's business under the GW Trademarks Licence Deed dated 14 September 2007. The GW Trademarks Licence Deed will be substituted by the GW Trademarks Licence (Renewal) Deed on 1 January 2010 to extend the expiry date of the deed to 31 December 2012 with substantially the same terms.

Date: 23 November 2009

Parties: (i) Great Wall Enterprise (as the licensor)  
(ii) the Company (as the licensee)

Major Terms: Pursuant to the GW Trademarks Licence (Renewal) Deed, Great Wall Enterprise shall grant to the Company (with a right to sublicense to any of its subsidiaries from time to time) an exclusive and non-transferable licence for use the Trademarks in connection with the Group's business.

The Company shall pay to Great Wall Enterprise royalties equal to 0.1% of the total annual net sales of the products of the Company attributable to the trademarks licensed under the deed. Such royalties shall be paid in annual installments in arrears, with each period ending on the last day of December.

The rate of the royalties has been agreed after arm's length negotiation between the Company and Great Wall Enterprise having balanced the respective interest of the Company and Great Wall Enterprise and taken into consideration of the desire of Great Wall Enterprise to show continuing support to the Group. The 0.1% royalty rate is the same as that under the GW Trademarks Licence Deed. As disclosed in the Company's prospectus dated 20 September 2007, according to various empirical studies done at that time, the rate charged for use of the Trademarks is far lower than that of other comparable food/consumer and food processing industry which rates range from 2% to 5%. Therefore, the royalty rate as charged is in the interest of the Company.

Term: Three years from 1 January 2010 to 31 December 2012, and subject to compliance with applicable requirements of the Listing Rules regarding connected transactions, automatically renewable for three years thereafter.

### *1.2 GW Master Supply (Renewal) Agreement*

The Group has from time to time sold products, such as raw materials for manufacturing animal feeds, chicken meat products and processed animal feeds to the GWE Group under the GW Master Supply Agreement dated 14 September 2007. The GW Master Supply Agreement will be substituted by the GW Master Supply (Renewal) Agreement on 1 January 2010 to extend the expiry date of the agreement to 31 December 2012 with substantially the same terms.

Date: 23 November 2009

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

Major terms: Pursuant to the GW Master Supply (Renewal) Agreement, the Company shall sell and shall procure any and all members of the Group to sell and Great Wall Enterprise shall purchase and shall procure any and all members of the GWE Group to purchase the products of the Group on a non-exclusive basis in accordance with any written quotation of the relevant member of the Group which is accepted by the relevant member of the GWE Group, or any written order of the relevant member of the GWE Group which is accepted by the relevant member of the Group.

The pricing of the goods to be sold will be determined by reference to the actual cost of the goods sold by the Group and a reasonable profit margin determined by the relevant member of the Group taking into account the following:

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

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

Term: Three years from 1 January 2010 to 31 December 2012.

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

Based on the proposed annual caps for the three years ending 31 December 2012, the following transactions are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules:

### *2.1 GW Master Purchase (Renewal) Agreement*

The Group has from time to time purchased raw materials, which are mainly raw materials for production of chicken processed food from the GWE Group under the GW Master Purchase Agreement dated 14 September 2007 which was modified and extended to 31 December 2010 by the Modification Agreement dated 5 June 2008. The GW Master Purchase Agreement will be substituted by the GW Master Purchase (Renewal) Agreement on 1 January 2010 to extend the expiry date of the agreement to 31 December 2012 with substantially the same terms (subject to the approval of the Independent Shareholders).

Date: 23 November 2009

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

Major terms: Pursuant to the GW Master Purchase (Renewal) Agreement, the Company shall purchase and shall procure any and all members of the Group to purchase and Great Wall Enterprise shall sell and shall procure any and all members of the GWE Group to sell the products of the GWE Group on a non-exclusive basis in accordance with any written quotation of the relevant member of the GWE Group which is accepted by the relevant member of the Group, or any written order of the relevant member of the Group which is accepted by the relevant member of the GWE Group.

The pricing of the goods to be purchased will be determined by reference to the actual cost of the goods purchased from the GWE Group and a reasonable profit margin determined by the relevant member of the GWE Group taking into account the following:

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

Term: Three years from 1 January 2010 to 31 December 2012 (subject to the approval of the Independent Shareholders).

## 2.2 *MB Master Supply (Renewal) Agreement*

The Group has from time to time sold products, such as processed foods, to Marubeni Corporation to satisfy its procurement needs under the MB Master Supply Agreement dated 14 September 2007. The MB Master Supply Agreement will be substituted by the MB Master Supply (Renewal) Agreement on 1 January 2010 to extend the expiry date of the agreement to 31 December 2012 with substantially the same terms (subject to the approval of the Independent Shareholders).

Date: 23 November 2009

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

Major terms: Pursuant to the MB Master Supply (Renewal) Agreement, the Company shall sell and shall procure any and all members of the Group to sell and Marubeni Corporation shall purchase the products of the Group in accordance with the purchase order placed by Marubeni Corporation which is accepted by the relevant member of the Group.

The pricing of the goods to be purchased will be determined by reference to the cost of production for the goods 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 the goods to its other customers who are Independent Third Parties. The Group shall not be obliged to accept any order from Marubeni Corporation for the goods on terms and conditions that are less favourable to the Group than those agreed between the Group and its other customers for the goods that are Independent Third Parties.

Term: Three years from 1 January 2010 to 31 December 2012 (subject to the approval of the Independent Shareholders). Either party may terminate the agreement by giving the other three months' prior written notice.

### *2.3 MB Master Purchase (Renewal) Agreement*

The Group has from time to time purchased raw materials, which mainly are soybean meal for chicken feed production from Marubeni PRC under the MB Master Purchase Agreement dated 5 June 2008. Such raw materials are essential for the Group's business such as feed and processed food and they are required not only for producing products for Marubeni Corporation but for other customers.

The MB Master Purchase Agreement will be substituted by the MB Master Purchase (Renewal) Agreement on 1 January 2010 to extend the expiry date of the agreement to 31 December 2012 with substantially the same terms (subject to the approval of the Independent Shareholders).

Date: 23 November 2009

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

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

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

Term: Three years from 1 January 2010 to 31 December 2012 (subject to the approval of the Independent shareholders). Subject to compliance with applicable requirements of the Listing Rules regarding connected transactions, after the expiration of the initial term, both parties may extend the agreement for one or more successive periods of three years by giving one month's prior written notice to the other party.

### **PRICING DETERMINATION MECHANISM FOR MASTER AGREEMENTS**

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

- (a) compare the asking prices or quoted prices with the quotations from suppliers in the market for similar, relevant or substituting products;
- (b) the purchase order will be reviewed by a three tier review system (firstly by the relevant product manager, secondly by the person-in-charge in the purchase department, and lastly by the general manager); and
- (c) the asking prices or quoted prices shall then be determined by agreement between the parties based on (i) normal commercial terms of similar, relevant or substituting products that are considered to be fair and reasonable by the respective member of both parties; (ii) the impact of the asking prices or quoted prices of the relevant products on the cost of the production of the relevant parties; and (iii) a reasonable profit margin to be obtained by the relevant parties.



## HISTORICAL VALUES

The following table sets out the respective historical amounts of the continuing connected transactions as described above for the two years ended 31 December 2008 and the 9 months ended 30 September 2009:

			for the year ended 31 December 2007	for the year ended 31 December 2008	for the 9 months ended 30 September 2009
<b>Continuing Connected Transactions</b>			<b>(audited)</b>	<b>(audited)</b>	<b>(unaudited)</b>
			<i>USD'000</i>	<i>USD'000</i>	<i>USD'000</i>
			<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
<b>1. Exempt Transactions</b>					
1.1	GW Trademarks Licence (Renewal) Deed	Actual	187 (1,455)	867 (6,745)	643 (5,003)
1.2	GW Master Supply (Renewal) Agreement	Actual	385 (2,995)	375 (2,918)	295 (2,295)
<b>2. Non-Exempt Transactions</b>					
2.1	GW Master Purchase (Renewal) Agreement	Actual	1,183 (9,204)	1,366 (10,627)	1,105 (8,597)
2.2	MB Master Supply (Renewal) Agreement	Actual	22,697 (176,583)	8,860 (68,931)	10,651 (82,865)
2.3	MB Master Purchase (Renewal) Agreement	Actual	– –	4,074 (31,696)	3,709 (28,856)

## PROPOSED ANNUAL CAPS

The following table sets out the respective proposed annual caps of the continuing connected transactions under the agreements as described above for the three years ending 31 December 2012 and for agreements that are not due to expire, the original annual caps (if different from the proposed annual caps) are also included:

Continuing Connected Transactions			for the year ending 31 December 2010 <i>USD '000</i> <i>(HK\$ '000)</i>	for the year ending 31 December 2011 <i>USD '000</i> <i>(HK\$ '000)</i>	for the year ending 31 December 2012 <i>USD '000</i> <i>(HK\$ '000)</i>
<b>1. Exempt Transactions</b>					
1.1	GW Trademarks Licence (Renewal) Deed	Proposed annual cap	1,714 (13,335)	2,057 (16,004)	2,469 (19,209)
1.2	GW Master Supply (Renewal) Agreement	Proposed annual cap	617 (4,800)	729 (5,672)	862 (6,706)
<b>2. Non-Exempt Transactions</b>					
2.1	GW Master Purchase (Renewal) Agreement	Proposed annual cap	4,693 (36,512)	5,682 (44,206)	7,126 (55,440)
		Original annual cap	8,734 (67,951)	– –	– –
2.2	MB Master Supply (Renewal) Agreement	Proposed annual cap	24,948 (194,095)	30,125 (234,373)	36,376 (283,005)
2.3	MB Master Purchase (Renewal) Agreement	Proposed annual cap	13,584 (105,684)	19,917 (154,954)	23,567 (183,351)
		Original annual cap	28,166 (219,132)	– –	– –

## **REASONS FOR THE PROPOSED ANNUAL CAPS**

The operating environment for the Company in the first half of 2009 remained challenging as the global financial crisis that began last year continued to impact the Group's key markets. As a result of the Group's continued effort, the business of the Group has recorded continuous improvements amid such difficult situation.

Turnover of the Company for the three months ended 31 March 2009, 30 June 2009 and 30 September 2009 were approximately USD272.9 million, USD287.7 million and USD318.2 million respectively, showing a sign of growth.

In view of the recovery of the global economy and the development of the Group's business, it is expected that the business of the Group will continue to grow in the fourth quarter of 2009 and in 2010 and therefore the amounts to be involved in the above continuing connected transactions in the coming years are expected to be substantially higher than the actual amounts transacted in the first three quarters in 2009.

Moreover, at the end of 2008, certain PRC food related products imported to Japan were alleged to be contaminated. As a result, the Japanese government imposed certain restrictions on import of PRC food related products. This led to a drop in sales of products to Marubeni Corporation under the MB Master Supply Agreement and purchases of raw materials for production of goods sold to Marubeni Corporation. The Company believes that sales to and purchases from Marubeni Group will significantly increase given negative impact of the aforesaid incident starts to ease off.

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

### **Proposed annual caps for the GW Trademarks Licence (Renewal) Deed**

The proposed annual caps for the transactions under the GW Trademarks Licence (Renewal) Deed are determined based on the historical sales volume of the products using the Trademarks in the past years with an expected growth in the next three years with reference to the expected growth in the sales of the products in the jurisdictions of which the Group operates its business as well as possible fluctuations of foreign exchange rates.

### **Proposed annual caps for the GW Master Supply (Renewal) Agreement**

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

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

### **Proposed annual caps for the GW Master Purchase (Renewal) Agreement**

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

- (a) the expected production needs of the Group based on the existing production facilities expansion plan having considered the expected increasing production capacity from the two new processed food plants introduced in late 2008 and mid 2009 respectively; and
- (b) the expected increase in the price of the raw materials, arising from (i) a possible average inflation and (ii) a possible appreciation of RMB against the USD of the relevant years.

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

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

- (a) the expected demand for the Group's food products from Marubeni Corporation based on the production capacity of the Group in respect of the relevant food products; and
- (b) the expected increase in the price of the products, arising from (i) a possible average inflation; and (ii) a possible appreciation of RMB against the USD of the relevant years.

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

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

- (a) the expected production needs of the Group arising from continuous increase in production capacity of existing production plants (especially taking into account of the plant newly implemented in 2008);
- (b) the plan to increase its purchase from Marubeni PRC (rather than other suppliers) in order to taking advantage of bulk discount; and
- (c) the expected increase in the price of the raw materials, arising from (i) a possible average inflation of the relevant years; and (ii) a possible appreciation of RMB against the USD.

## **REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS**

### **GW Trademarks Licence (Renewal) Deed**

GWE Group owns the Trademarks which are used by the Group in connection with its business. The Trademarks are considered to be crucial to the successful long-term operation of the Group as the Group's products have built up a brand name in its places of business. The GW Trademarks Licence

(Renewal) Deed allows the Group to secure the use of such trademarks over a reasonable period of time at attractive rates.

### **GW Master Supply (Renewal) Agreement and MB Master Supply (Renewal) Agreement**

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

### **GW Master Purchase (Renewal) Agreement and MB Master Purchase (Renewal) Agreement**

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

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

The Directors (including the independent non-executive Directors) are of the opinion that the Exempt Transactions are (i) in the ordinary and usual course of business of the Group and (ii) on normal commercial terms after arm's length negotiations between the parties, and consider that the terms of the Exempt Transactions and the proposed annual caps therefor are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The Directors (excluding the independent non-executive Directors who will express their opinion after receiving advice from the independent financial adviser) are of the opinion that the Non-Exempt Transactions are (i) in the ordinary and usual course of business of the Group and (ii) on normal commercial terms after arm's length negotiations between the parties, and consider that the terms of the Non-Exempt Transactions and the proposed annual caps therefor are fair and reasonable and in the interests of the Company and its shareholders as a whole.

### **LISTING RULES REQUIREMENT**

Great Wall Enterprise is the ultimate controlling shareholder of the Company. As at the date of this announcement, Great Wall Enterprise indirectly holds approximately 52.32% through two of its wholly owned subsidiaries, namely Waverley Star Limited as to approximately 37.19% and Asia Nutrition Technologies Corporation as to approximately 15.13%. Marubeni Corporation, the ultimate holding company of Marubeni PRC, is a substantial shareholder of a subsidiary of the Company. Therefore, each of Great Wall Enterprise, Marubeni Corporation and Marubeni PRC is a connected person of the Company under the Listing Rules.

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

An Independent Board Committee will be established to advise the Independent Shareholders on the terms of the Non-Exempt Transactions and the proposed annual caps therefor. The Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. The Company will issue a circular to the Shareholders as soon as practicable to set out further details of the Non-Exempt Transactions, letters from the Independent Board Committee and the independent financial adviser, and a notice to convene the EGM.

## **GENERAL INFORMATION ON THE PARTIES**

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

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

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

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

## **DEFINITIONS**

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Company”	DaChan Food (Asia) Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 3999);
“connected person(s)”	has the meanings ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;

“EGM”	the extraordinary general meeting of the Company to be convened and held to consider the Non-Exempt Transactions and the proposed annual caps therefor;
“Exempt Transactions”	the transactions under the GW Trademarks Licence (Renewal) Deed and the GW Master Supply (Renewal) Agreement;
“Great Wall Enterprise”	Great Wall Enterprise Co., Ltd. (大成長城企業股份有限公司), an enterprise established under the laws of Taiwan, whose shares are listed on the Taiwan Stock Exchange (stock code: 1210);
“Group”	the Company and its subsidiaries;
“GWE Group”	Great Wall Enterprise and its subsidiaries (excluding members comprising the Group for the purpose of this announcement);
“GW Master Purchase Agreement”	the master purchase agreement dated 14 September 2007 entered into between Great Wall Enterprise and the Company as modified by the Modification Agreement;
“GW Master Purchase (Renewal) Agreement”	the master purchase (renewal) agreement dated 23 November 2009 entered into between Great Wall Enterprise and the Company in order to extend the GW Master Purchase Agreement on substantially the same terms;
“GW Master Supply Agreement”	the master supply agreement dated 14 September 2007 entered into between the Company and Great Wall Enterprise;
“GW Master Supply (Renewal) Agreement”	the master supply (renewal) agreement dated 23 November 2009 entered into between the Company and Great Wall Enterprise in order to extend the GW Master Supply Agreement on substantially the same terms;
“GW Trademarks Licence Deed”	the trademarks licence deed dated 14 September 2007 entered into between Great Wall Enterprise and the Company;
“GW Trademarks Licence (Renewal) Deed”	the trademarks licence (renewal) deed dated 23 November 2009 entered into between Great Wall Enterprise and the Company in order to extend the GW Trademarks Licence Deed on substantially the same terms;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“Independent Board Committee”	an independent committee of the Board established for the purpose of reviewing the terms of and the proposed annual caps for the Non-Exempt Transactions;
“Independent Shareholders”	in respect of (a) the transactions under the GW Trademarks Licence (Renewal) Deed, the GW Master Supply (Renewal) Agreement and GW Master Purchase (Renewal) Agreement, Shareholders other than Great Wall Enterprise and its associates; in respect of (b) the transactions under the MB Master Supply (Renewal) Agreement and the MB Master Purchase (Renewal) Agreement, Shareholders other than Marubeni Corporation and its associates;
“Independent Third Party(ies)”	third party(ies) that is not connected to any Director, chief executive or substantial shareholder of the Company or any of its subsidiaries or an associate of any of them as defined in the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Marubeni Corporation”	Marubeni Corporation, a company incorporated in Japan with limited liability whose shares are listed on Tokyo Stock Exchange Group, Inc.;
“Marubeni Group”	Marubeni Corporation and its subsidiaries;
“Marubeni PRC”	Marubeni (China) Co., Ltd. (丸紅(中國)有限公司), a company incorporated in the PRC with limited liability and a subsidiary of Marubeni Corporation;
“Marubeni PRC Group”	Marubeni PRC and its subsidiaries;
“MB Master Purchase Agreement”	the master purchase agreement dated 5 June 2008 entered into between Marubeni PRC and the Company;
“MB Master Purchase (Renewal) Agreement”	the master purchase (renewal) agreement dated 23 November 2009 entered into between Marubeni PRC and the Company in order to extend the MB Master Purchase Agreement on substantially the same terms;
“MB Master Supply Agreement”	the master supply agreement dated 14 September 2007 entered into between the Company and Marubeni Corporation;
“MB Master Supply (Renewal) Agreement”	the master supply (renewal) agreement dated 23 November 2009 entered into between the Company and Marubeni Corporation in order to extend the MB Master Supply Agreement on substantially the same terms;



“Modification Agreement”	the modification agreement dated 5 June 2008 entered into between Great Wall Enterprise and the Company to modify and extend the term of the GW Master Purchase Agreement to 31 December 2010;
“Non-Exempt Transactions”	the transactions under the GW Master Purchase (Renewal) Agreement, the MB Master Supply (Renewal) Agreement and the MB Master Purchase (Renewal) Agreement;
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purposes of this announcement;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholders”	holders of share(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Trademarks”	The trademarks of  owned by GWE Group;
“%”	per cent;
“USD”	United States dollars, the lawful currency of United States of America.

For the purpose of this announcement, unless otherwise indicated, the exchange rate of USD1.00 = HK\$7.78 has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such a rate or at any other rates.

By order of the Board  
**Han Jia-Hwan**  
*Chairman*

Hong Kong, 23 November 2009

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