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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)

ADOPTION OF RESTRICTED SHARE AWARD SCHEME

The Board resolved on 23 December 2008 to adopt the restricted share award scheme as an incentive to retain and encourage the employees for the continual operation and development of the Group, pursuant to which existing Shares will be purchased by the Trustee from the market out of cash contributed by the Group and be held in trust for the relevant Selected Employees until such Shares are vested with the relevant Selected Employees in accordance with the provisions of the Scheme.

The Board will implement the Scheme in accordance with the terms of the Scheme Rules including providing necessary funds to the Trustee for purchase of Shares up to 2% of the issued share capital of the Company as at the Adoption Date.

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The Board will implement the Scheme in accordance with the terms of the Scheme Rules including providing necessary funds to the Trustee for purchase of Shares up to 2% of the issued share capital of the Company as at the Adoption Date.

For the avoidance of doubt, no new Share will be granted under the Scheme.

No Shareholders' approval is required for adoption or implementation of the Scheme.

LISTING RULES IMPLICATION

The Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules and is a discretionary scheme of the Company.

Pursuant to the Scheme, existing Shares will be purchased by the Trustee and be held in trust for the relevant Selected Employees. Employees cover any employee (inclusive of any Director) of any member of the Group. Accordingly, if the Board selects a Director as the Selected Employee, the grant of the Restricted Shares to the Director may constitute a connected transaction. However, given the grant of Restricted Shares to a Director will form part of the remuneration of the relevant Director under his service contract, such grant of Restricted Shares is exempted from all the reporting, announcement and independent Shareholders' approval requirements under rule 14A.31(6) of the Listing Rules. However, any grant of Restricted Shares to any Director or senior management of the Company must first be approved by the remuneration committee of the Company. A summary of the Scheme Rules is set out below at the end of this announcement.

REASONS FOR THE ADOPTION OF THE SCHEME

The Directors strongly believe that the future success of the Company is closely tied to the commitment and efforts of the employees of the Group. The Board proposes the Scheme to increase the degree to which the employee's interests are directly tied to the fortunes of the Company and its Shareholders. The awards to be made under the Scheme enable the Selected Employees to see their fortunes more directly linked to that of the Shareholders through the mechanism under the Scheme. The Restricted Shares to be awarded will be calculated and awarded on the criteria that directly links to the Company's operating performance. The awards under the Scheme, if made, would have the incidental effect of allowing the Trustee to purchase the Shares at the most advantageous pricing within the allowed window.

SUMMARY OF THE SCHEME RULES

Purposes and Objectives

The purpose of the Scheme is to recognise and motivate the contribution of certain Employees and to provide incentives and help the Group in retaining its existing Employees and recruiting additional Employees and to provide them with a direct economic interest in attaining the long-term business objectives of the Company.

Administration

The Scheme shall be subject to the administration of the Board in accordance with the Scheme Rules.

Maximum Limit

The Board shall not make any further award of Restricted Shares which will result in the aggregate number of restricted shares awarded by the Board throughout the duration of the Scheme to be in excess of 2% of the issued share capital of the Company as at the Adoption Date. The maximum number of Restricted Shares which may be awarded to a Selected Employee under the Scheme shall not exceed 0.25% of the issued share capital of the Company as at the Adoption Date.

Restrictions

No instructions and no payments to purchase Shares shall be given to the Trustee when any Director is in possession of unpublished price sensitive information in relation to the Company or where dealings by the Directors are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time.

Operation

Pursuant to the Scheme Rules, the Board may, from time to time, at their absolute discretion select the Selected Employee(s) (excluding any Excluded Employee) after taking into various factors as they deem appropriate for participation in the Scheme as a Selected Employee and determines the number of Restricted Shares to be awarded. The Board shall cause to pay the Trustee the purchase price and the related expenses from the Company's resources for the Shares to be purchased by the Trustee.

The Trustee shall purchase from the market such number of Shares awarded as specified by the Board and shall hold such Shares until they are vested in accordance with the Scheme Rules and the Trust Deed. When the Selected Employee has satisfied all vesting conditions specified by the Board at the time of making the award and become entitled to the Shares forming the subject of the award, the Trustee shall transfer the relevant vested Shares to that employee at no cost. The Selected Employee however is not entitled to receive any income or distribution, such as dividend derived from the Restricted Shares allocated to him, prior to the vesting of the Restricted Shares in the Selected Employees. The said income or distributions shall be used by the Trustee for purchase of further Shares for the Scheme (or may be used as payment of the Trustee's fees or expenses at the election of the Company when appropriate).

Vesting and Lapse

Unless otherwise determined by the Board at its discretion, Restricted Shares held by the Trustee upon the Trust and which are referable to a Selected Employee shall not vest in the Selected Employee under the following circumstances:

- in the event of any failure of the Selected Employee to remain as an employee of a member of the Group on the date which the Restricted Shares are supposed to be vested to him;
- in the event that the Selected Employee fails to achieve the key performance indicator or such other condition(s) as specified in the grant letter issued pursuant to the Scheme;
- in the event that the Selected Employee(s) fails to return duly executed transfer documents prescribed by the Trustee for the relevant Restricted Shares within the stipulated period; and
- in the event of the death of Selected Employee.

Unless otherwise determined by the Board at its discretion, an award shall automatically lapse when (i) a Selected Employee fails to satisfy any condition as set out in the letter of grant, or (ii) the company employing the Selected Employee ceases to be a member of the Group, or (iii) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company). In any event, the relevant Restricted Shares awarded shall not vest on the relevant vesting date but shall become Returned Shares and shall be held as Returned Shares for the purposes of the Scheme.

In the event (i) a Selected Employee is found to be an Excluded Employee or (ii) a Selected Employee fails to return duly executed transfer documents within the stipulated period, the relevant part of an award made to such Selected Employee shall automatically lapse forthwith and the relevant Shares awarded shall not vest on the relevant vesting date but shall become Returned Shares for the purposes of the Scheme.

If there occurs an event of change in control (as specified in The Codes on Takeovers and Mergers and Share Repurchases from time to time) of the Company, whether by way of offer, merger, scheme of arrangement or otherwise, all the awarded Restricted Shares shall immediately vest on the date when such change in control event becomes or is declared unconditional and such date shall be deemed the vesting date.

Where the awarded Restricted Shares do not vest in accordance with the Scheme Rules, the Trustee shall hold such Restricted Shares for the benefit of one or more employees of the Group as it determines in its discretion, after having taken into account the recommendations of the Board.

Voting Rights

The Trustee shall not exercise the voting rights in respect of any Shares held under the Trust (including but not limited to the awarded Restricted Shares, and further Shares acquired out of the income derived therefrom).

Duration and Termination

The Scheme shall be effective from the Adoption Date and shall continue in full force and effect for the entire Trust Period and the early termination by the Board of the Scheme shall not affect any subsisting rights of any Selected Employee hereunder.

Upon termination, all awarded Restricted Shares shall become vested on the Selected Employees so referable on such date of termination, subject to the receipt by the Trustee of the transfer documents duly executed by the Selected Employees within the stipulated period. Net sale proceeds (after making appropriate deductions) of the Returned Shares and such non-cash income together with the residual cash and such other funds remaining in the Trust shall be remitted to the Company forthwith after the sale.

Definition

Unless otherwise defined, the following expressions in this announcement have the following meanings:

“Adoption Date”	23 December 2008, being the effective date on which the Board adopted the Scheme Rules for the establishment of the Scheme
“Board”	the board of Directors, such committee or sub-committee or person(s) delegated with the power and authority by the board of Directors to administer the Scheme

“Company”	DaChan Food (Asia) Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code : 3999)
“Director(s)”	director(s) of the Company
“Employee”	any employee (whether full-time or part-time, including without limitation any executive and non-executive director) of any member of the Group
“Excluded Employee”	any Employee who is resident in a place where the award of the Restricted Shares and/or the award of the Returned Shares and/or the vesting and transfer of Shares pursuant to the terms of the Scheme is not permitted under the laws and regulations of such place or where in the view of the Board or the Trustee (as the case may be) compliance with applicable laws and regulations in such place make it necessary or expedient to exclude such Employee
“Group”	the Company and its Subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Returned Shares”	such awarded Restricted Shares which are not vested and/or forfeited in accordance with the terms of the Scheme Rules
“Restricted Shares”	the restricted shares granted under the Scheme and has the meaning ascribed to such term in the Scheme Rules
“Scheme”	the Restricted Share Award Scheme of the Company adopted by the Board whereby awards of Shares may be made to Employees (such Shares being purchased by the Trustee) pursuant to the Trust Deed and the Scheme Rules
“Scheme Rules”	the rules relating to the Scheme adopted by Board
“Selected Employee(s)”	Employee(s) selected by the Board for participation in the Scheme pursuant to the Scheme Rules
“Shares”	shares of HK\$0.1 each in the capital of the Company

“Shareholder(s)”	holders of Share(s) of the Company
“Subsidiary(ies)”	subsidiary(ies) of the Company from time to time within the meaning of the Companies Ordinance (Cap.32 of the Laws of Hong Kong)
“Trust”	the trust constituted by the Trust Deed
“Trust Deed”	the trust deed to be entered into between the Company as settlor and the Trustee as trustee for implementation of the Scheme
“Trust Period”	<p>the period beginning with the Adoption Date and ending upon the first to happen of the following, namely:</p> <p>(a) such date, being the 10th anniversary date of the Adoption Date; or</p> <p>(b) the date when an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company); or</p> <p>(c) the date as may be informed by the Company by a 3 months prior notice that the Scheme shall be terminated</p>
“Trustee”	the trustee to be appointed by the Board for the administration of the Scheme (being a party independent and not connected with the Company), which will hold Shares for the benefit of the Selected Employees and others subject to the terms and conditions of the Trust Deed

By Order of the Board
Han Jia-Hwan
Chairman

Hong Kong, 23 December 2008

As at the date of this announcement, Mr. Han Jia-Hwan (Chairman), Mr. Chang Tsee-Shen (Chief Executive Officer) and Mr. Chen Fu-Shih are the executive Directors, Mr. Han Chia-Yau, Mr. Harn Jia-Chen, Mr. Nicholas W. 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.