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**CHINA MERCHANTS DICHAIN (ASIA) LIMITED**

**招商迪辰(亞洲)有限公司\***

(Incorporated in Bermuda with limited liability)  
(Stock Code: 632)

**ORIENT DAY DEVELOPMENTS LIMITED**

**東日發展有限公司\***

(Incorporated in the British Virgin Islands with limited liability)

**SUBSCRIPTION OF NEW SHARES  
ISSUE OF CONVERTIBLE NOTES  
GRANT OF OPTION TO SUBSCRIBE FOR NEW SHARES  
APPLICATION FOR WHITEWASH WAIVER  
INCREASE IN AUTHORIZED SHARE CAPITAL  
AND  
RESUMPTION OF TRADING**

Financial Adviser to the Subscriber

***Hercules***  
**Hercules Capital Limited**

**SHARE SUBSCRIPTION**

The Company and the Subscriber are pleased to announce that the Company has entered into the Subscription Agreements with the Subscriber whereby the Company agreed to issue and the Subscriber agreed to subscribe 4,000,000,000 Shares at a price of HK\$0.01 per Share.

**ISSUE OF CONVERTIBLE NOTES**

According to the Subscription Agreements, the Company agreed to issue the Convertible Notes in an aggregate principal amount of HK\$30,000,000 to the Subscriber on such terms as therein contained. The Subscriber can exercise the Conversion Rights subject to the terms and conditions of the Convertible Notes, in whole or in part, at any time before the maturity date of the Convertible Notes to subscribe the Conversion Shares at the Conversion Price of HK\$0.01 per Conversion Share. The Conversion Shares will be issued under a special mandate proposed to be sought from the Independent Shareholders at the SGM.

**GRANT OF OPTION**

Pursuant to the Subscription Agreements, the Company also agreed to grant to the Subscriber an option to subscribe for not more than 1,000,000,000 Option Shares at a price of HK\$0.01 per Share. The Option Shares will be issued under a special mandate proposed to be sought from the Independent Shareholders in the SGM.

**WHITEWASH WAIVER**

Since the Subscriber will hold approximately 42.4% of the enlarged issued share capital of the Company upon the issue of the Subscription Shares and its shareholding in the Company will further increase to 59.5% upon full exercise of the Convertible Notes and the Option, it will be obliged to make an unconditional mandatory general offer for all the Shares not already owned or agreed to be acquired by the Subscriber under Rule 26.1 of the Takeovers Code unless a waiver from strict compliance with Rule 26.1 has been obtained from the Executive. The Subscriber will make an application to the Executive pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code for the Whitewash Waiver, the grant of which will be subject to the approval of the Independent Shareholders taken by way of a poll at the SGM. **The Whitewash Waiver may or may not be granted. If the Whitewash Waiver is not granted, the Subscription Agreements will lapse and the Share Subscription, Issue of Convertible Notes and Grant of Option will not proceed.**

**INCREASE IN AUTHORIZED SHARE CAPITAL OF THE COMPANY**

The Board proposes to seek approval from the Shareholders at the SGM to increase the authorized share capital of the Company from HK\$80,000,000 to HK\$300,000,000.

**SUSPENSION AND RESUMPTION OF TRADING**

Trading in the Shares on the Stock Exchange was suspended at the request of the Company from 9:30 a.m. on 21 February 2006 and application has been made to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on 24 March 2006.

## GENERAL

A circular containing, among other things, (i) further details of the Share Subscription, Issue of Convertible Notes, Grant of Option, the Whitewash Waiver, the proposed increase in authorized share capital and share consolidation of the Company; (ii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; (iii) the recommendation from the Independent Board Committee to the Independent Shareholders, together with (iv) the notice of the SGM will be despatched to the Shareholders as soon as practicable.

Kingston Corporate Finance Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on, among others, the Share Subscription, Issue of Convertible Notes, Grant of Option and the Whitewash Waiver, and such appointment has been approved by the Independent Board Committee.

The Company was notified on 23 February 2006 that 1,100,000,000 Shares, representing approximately 20.23% of the existing issued share capital of the Company, and 333,330,000 Shares, representing approximately 6.13% of the existing issued share capital of the Company, held by DiChain Holdings Limited, a major Shareholder, were disposed of to Smooth Develop Investments Limited and Sunny State Investments Limited respectively, both parties and their respective beneficial owners are independent third parties not connected to the Company, DiChain Holdings Limited or their respective connected persons, at a price of HK\$0.015 per Share on 20 February 2006. After the disposal, DiChain Holdings Limited's shareholding has been reduced to 982,368,894 Shares, representing approximately 18.1% of the issued share capital of the Company.

The Directors notice that the market price of the Shares is approaching the extremity of HK\$0.01 as set out in the Listing Rules. Therefore, the Directors propose to conduct a share consolidation exercise and the relevant resolution will be proposed at the SGM. Details regarding the share consolidation will be disclosed in a separate announcement and the circular.

**Shareholders of the Company and investors should be aware of and take note that the Completion of the Subscription Agreements is conditional upon satisfaction of certain conditions precedent and may or may not proceed. Shareholders of the Company and investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.**

## THE SUBSCRIPTION AGREEMENTS

**Date:** Conditional Agreement – 22 February 2006;  
Supplemental Agreement – 20 March 2006

**Parties:** (a) the Company;  
(b) the Subscriber;  
(c) the Warrantor;

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Subscriber and its beneficial owners are independent of the Group and its connected persons.

### The Share Subscription

Pursuant to the Subscription Agreements, the Company agreed to allot and issue, and the Subscriber agreed to subscribe in cash of HK\$40,000,000 for a total of 4,000,000,000 Subscription Shares at a price of HK\$0.01 per Share, which represent approximately 73.6% of the existing issued share capital of the Company and 42.4% of the issued share capital as enlarged by the issue of the Subscription Shares.

#### *Subscription Price:*

The Subscription Price represents a discount of approximately 67.7% to the closing price of HK\$0.0310 per Share as quoted on the Stock Exchange on 20 February 2006, being the last trading day immediately before the date of this announcement, a discount of approximately 65.9% to the average closing price of HK\$0.0293 per Share as quoted on the Stock Exchange over the last ten trading days up to and including 20 February 2006, being the last trading day immediately before the date of this announcement, a discount of approximately 33.3% to the price of disposal of Shares of HK\$0.015 per Share by DiChain Holdings Limited on 20 February 2006, and a discount of 56.5% to the Group's latest audited net asset value of HK\$0.023 per Share as at 31 March 2005.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber, after considering the Group's existing financial position, urgency of cash for settlement of the litigation, availability and cost of funds by using other financing methods, liquidity of the Shares in the market, the amount of funds and number of Shares involved in the Share Subscription, business prospect and potential benefits (both monetary and non-monetary) that potentially could be derived from the Share Subscription, Issue of Convertible Notes and Grant of Option, details of which are set out in Reasons for the Share Subscription, Issue of Convertible Notes and Grant of Option. The Board is of the view that the terms of the Share Subscription are fair and reasonable and in the interests of the Company and the Shareholders as a whole despite the discounts of the Subscription Price as mentioned above.

The total consideration of the Subscription Shares of HK\$40,000,000 shall be settled as follows:

- HK\$2,000,000 was paid on 22 February 2006 as deposit to the Solicitors which shall be held by the Solicitors in escrow pending Completion;
- the balance of HK\$38,000,000 shall be payable at Completion.

In the event that Completion does not take place because the Subscriber is not satisfied with the results of the due diligence review or any one of the conditions precedent cannot be fulfilled, the Company shall return the deposit together with interest thereon to the Subscriber within 24 hours after the Solicitors receiving notice from the Subscriber.

#### *Subscription Shares:*

The Subscription Shares, when allotted and issued, will rank pari passu in all respects among themselves and with the Shares in issue as at the date of allotment and issue of the Subscription Shares, including the right to receive all future dividends and distributions which may be declared, made or paid by the Company on or after the date of allotment and issue of the Subscription Shares.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

### Issue of Convertible Notes

According to the Subscription Agreements, subject to the completion of the Share Subscription, the Company agreed to issue to the Subscriber the Convertible Notes with principal terms set out below:

Principal Amount:	HK\$30,000,000
Conversion Price:	The initial Conversion Price is HK\$0.01 per Conversion Share, subject to adjustments by reasons of any of the following events, if necessary: <ul style="list-style-type: none"><li>(a) consolidation or subdivision of the Shares;</li><li>(b) capitalization issue;</li><li>(c) capital distribution;</li><li>(d) rights issue, grant of options, warrants or similar rights;</li><li>(e) the Company issues wholly for cash any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares, and the total effective consideration per Share initially receivable for such securities is less than the greater of either (i) the closing price per Share at the date of the announcement of the terms of issue of such securities; or (ii) the Conversion Price in effect immediately prior to the date of the announcement of the terms of issue of such securities;</li><li>(f) the Company issues wholly for cash any Shares at a price per Share which is less than the greater of either (i) the closing price per Share at the date of the announcement of the terms of such issue; or (ii) the Conversion Price in effect immediately prior to the date of the announcement of the terms of such issue;</li></ul>

The adjustments, if any, will be made according to the formulae set out in the terms and conditions of the Convertible Notes. For the avoidance of doubt, the Conversion Price will not be adjusted for reason of the Grant of Option. Detailed terms relating to adjustments of the Conversion Price, including the adjusting mechanism, will be disclosed in the circular.

The Conversion Price was determined on an arm's length basis between the Company and the Subscriber after taking into consideration of the Group's existing financial position, availability and cost of funds by using other financing methods, business prospect and potential benefits (both monetary and non-monetary) that could potentially be derived from the Share Subscription, Issue of Convertible Notes and Grant of Option, details of which are set out in Reasons for the Share Subscription, Issue of Convertible Notes and Grant of Option.

The initial Conversion Price represents a discount of approximately 67.7% to the closing price of HK\$0.0310 per Share as quoted on the Stock Exchange on 20 February 2006, being the last trading day immediately before the date of this announcement and a discount of approximately 65.9% to the average closing price of HK\$0.0293 per Share as quoted on the Stock Exchange over the last ten trading days up to and including 20 February 2006, being the last trading day immediately before the date of this announcement and a discount of 56.5% to the Group's latest audited net asset value of HK\$0.023 per Share as at 31 March 2005.

Interest:	The Convertible Notes will bear interest from the date of issue of the Convertible Notes at the rate of 4% per annum on the outstanding principal amount of the Convertible Notes, which will be payable by the Company quarterly in arrears.
Maturity Date:	The maturity date of the Convertible Notes will be the date falling two years after the date of the issue of the Convertible Notes.
Redemption:	The Company shall be entitled to redeem at 100% all or any part of the principal amount of the Convertible Notes, by giving not less than 7 days' written notice to the Noteholder(s) from time to time after the date of issue of the Convertible Notes provided that the Noteholder(s) shall have the right to exercise his/her Conversion Rights within 7 days from the date of the said notice.
Conversion Period:	The Convertible Notes are convertible at any time from the date of issue and up to the maturity date of the Convertible Notes.
Conversion Rights:	The Noteholder(s) has/have the right to convert all or part of the Convertible Notes into Conversion Shares at the Conversion Price of HK\$0.01 per Conversion Share during the Conversion Period. The Conversion Rights may only be exercisable in respect of not less than 300,000,000 Conversion Shares upon each conversion.
Conversion Shares:	The number of Conversion Shares to be issued upon full conversion of the Convertible Notes will be 3,000,000,000 Shares, representing approximately 55.2% of the existing issued share capital of the Company, 31.8% of the issued share capital as enlarged by the issue of the Subscription Shares and 24.1% of the issued share capital as enlarged by the issue of the Subscription Shares and conversion exercise of the Convertible Notes in full.  The Conversion Shares to be issued upon conversion of the Convertible Notes will rank pari passu in all respects with the Shares in issue on the date of conversion.
Voting:	The Noteholder(s) will not be entitled to attend or vote at any general meetings of the Company by reason only of his/her being the Noteholder(s).
Security:	A first fixed charge and first floating charge will be created in favour of the Noteholder(s) to secure the repayment of the outstanding principal and interest of the Convertible Notes from time to time.

The first fixed charge charges over, inter alia, all fixtures, books and other debts, revenues and claims, stocks, shares, bonds and securities, uncalled or unpaid capital and premiums, quotas, licences, permits and other rights granted by any government authorities, proceeds received or receivable, income, receipts, dividends, distributions and payments of the Company.

The first floating charge charges all other rights, assets and undertaking whatsoever and wherever present and future of the Company including, inter alia, all rights, assets or undertakings which are ineffective or incapable of being subject to first fixed charge above.

**Transferability:** The Convertible Notes shall be assignable and transferable in whole or in part at any time. Prompt notice will be given to the Stock Exchange of each transfer and the Company has undertaken to the Stock Exchange that it will disclose to the Stock Exchange any dealing in the Convertible Notes by any connected person or his/her associates.

**Listing:** No application will be made for the listing of the Convertible Notes in any exchange of any jurisdiction.

**Deposit:** A deposit of HK\$1,000,000, which shall be held by the Solicitors in escrow pending Completion, was paid to the Solicitors on 22 February 2006 while the balance of HK\$29,000,000 of the principal of the Convertible Notes shall be payable to the Company at Completion.

In the event that Completion does not take place because the Subscriber is not satisfied with the results of the due diligence review or any one of the conditions precedent of the Subscription Agreements cannot be fulfilled, the Company shall return the deposit together with interest thereon to the Subscriber within 24 hours after the Solicitors receiving notice from the Subscriber.

The Conversion Shares will be issued under a special mandate proposed to be sought from the Independent Shareholders at the SGM. Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

### **Grant of Option**

According to the Subscription Agreements, subject to the completion of the Share Subscription, the Company also agreed to grant to the Subscriber the Option with principal terms set out below:

**Consideration:** HK\$10, payable upon Completion

**Option Right:** the Subscriber has the right to subscribe not more than 1,000,000,000 Option Shares, which represent approximately 18.4% of the existing issued share capital of the Company, and 8.0% of the issued share capital as enlarged by the issue of the Subscription Shares and exercise of the Convertible Notes in full and 7.4% of the issued share capital as enlarged by the issue of the Subscription Shares and the conversion and exercise of the Convertible Notes and Option respectively in full, by tranches at the Subscriber's discretion, provided that the number of Shares to be subscribed in each tranche shall not be less than 300,000,000 Shares.

**Exercise Period:** The Option may be exercised by the Subscriber at any time during the period immediately after Completion to the date falling two years after Completion.

**Exercise Price:** The initial Exercise Price is HK\$0.01 per Option Share, subject to adjustments by reasons of any of the following events, if necessary:

- (a) consolidation or subdivision of the Shares;
- (b) capitalization issue;
- (c) capital distribution;
- (d) rights issue, grant of options, warrants or similar rights;
- (e) the Company issues wholly for cash any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares, and the total effective consideration per Share initially receivable for such securities is less than the greater of either (i) the closing price per Share at the date of the announcement of the terms of issue of such securities; or (ii) the Exercise Price in effect immediately prior to the date of the announcement of the terms of issue of such securities;
- (f) the Company issues wholly for cash any Shares at a price per Share which is less than the greater of either (i) the closing price per Share at the date of the announcement of the terms of such issue; or (ii) the Exercise Price in effect immediately prior to the date of the announcement of the terms of such issue.

The adjustments, if any, will be made according to the formulae set out in the Subscription Agreements. For the avoidance of doubt, the Exercise Price of the Option will not be adjusted for reason of the Issue of the Convertible Notes. Detailed terms relating to adjustments of the Exercise Price, including the adjusting mechanism, will be disclosed in the circular.

The initial Exercise Price represents a discount of approximately 67.7% to the closing price of HK\$0.0310 per Share as quoted on the Stock Exchange on 20 February 2006, being the last trading day immediately before the date of this announcement and a discount of approximately 65.9% to the average closing price of HK\$0.0293 per Share as quoted on the Stock Exchange over the last ten trading days up to and including 20 February 2006, being the last trading day immediately before the date of this announcement and a discount of 56.5% to the Group's latest audited net asset value of HK\$0.023 per Share as at 31 March 2005.

The Exercise Price of the Option was determined after arm's length negotiations between the Company and the Subscriber, after considering the Group's existing financial position, availability and cost of funds by using other financing methods, business prospect and potential benefits (both monetary and non-monetary) that could potentially be derived from the Share Subscription, Issue of Convertible Notes and Grant of Option, details of which are set out in Reasons for the Share Subscription, Issue of Convertible Notes and Grant of Option. The Board is of the view that the terms of the Grant of Option are fair and reasonable and in the interests of the Company and the Shareholders as a whole despite the discounts of the Exercise Price as mentioned above.

**Transferability:** the Option shall be transferable in whole or in part to any third party at any time. The Company shall notify the Stock Exchange as soon as possible after receipt of the notice of transfer and the Company has undertaken to the Stock Exchange that it will disclose to the Stock Exchange any dealing in the Option by any connected person or his/her associates.

**Ranking of the Option Shares:** the Option Shares will rank *pari passu* in all respects with all other existing Shares outstanding as at the date of issue and allotment.

The Option Shares will be issued under a special mandate proposed to be sought from the Independent Shareholders at the SGM. Application will be made to the Stock Exchange for the listing of, and permission to deal in; the Option Shares.

#### **Other Terms**

Under the terms of the Subscription Agreements, the Warrantor provided an undertaking that it shall procure the Shenzhen Commercial Bank, Shekou Branch to terminate or cancel all the guarantees provided by the Company for the loan of RMB60 million, which is repayable on 28 October 2006, granted to DiChain Logistics Services (Shenzhen) Co., Ltd., a wholly-owned subsidiary of the Company, and relieve the Company's obligations thereof within one year after Completion. The Warrantor further agreed to pledge 1,000,000,000 Shares, beneficially owned by the Warrantor and its associates, free from all and any encumbrance, to the Solicitors as collateral until all the guarantees of loans provided by the Company have been terminated or cancelled. The Company has the right to sell or transfer part of or all of the pledged Shares for compensation of any economic loss arising from any breach of the warranties provided by the Warrantor.

Pursuant to the Subscription Agreements, upon Completion, Mr. Wong Yuk Kwan (alias: Wong Kwan) shall be appointed as the chairman of the Board, executive Director and chief executive of the Company and the Subscriber shall have the right to nominate no less than two executive Directors and two independent non-executive Directors to the Board. The Board currently comprises four executive Directors, namely Messrs. Fan Di, Zhou Li Yang, Zheng Yingsheng, and Chen Gang, Gordon (alternate to Dr. Fan Di), two non-executive Directors, namely Messrs. Robert Fung Hing Piu and Wang Shizhen and three independent non-executive Directors, namely Messrs. Barry J. Buttifant, Iain F. Bruce and Victor Yang. Upon Completion, Dr. Fan Di, Messrs. Chen Gang, Gordon, Wang Shizhen, Barry J. Buttifant and Iain F. Bruce shall resign from the Board while Messrs. Zhou Li Yang, Zheng Yingsheng, Robert Fung Hing Piu and Victor Yang shall remain as Directors on the Board. Dr. Fan Di shall be invited to become a senior consultant of the Company after his resignation from the Board.

The Company undertakes that it shall comply with Rule 3.10 of the Listing Rules to have at least three independent non-executive Directors on the Board and ensure that the proposed Directors shall comply with Rule 3.08 of the Listing Rules.

#### **Conditions Precedent**

Completion of the Subscription Agreements is conditional upon the fulfillment of the following conditions:

- (a) the Listing Committee of the Stock Exchange having granted the approval of the listing of, and permission to deal in, the Subscription Shares, the Conversion Shares that fall to be issued upon the exercise of the Conversion Rights attaching to the Convertible Notes and the Option Shares that fall to be issued upon the exercise of the rights attaching to the Option;
- (b) the Executive having granted to the Subscriber a waiver of the obligation to make a mandatory general offer to the Shareholders in respect of the Shares not already owned or agreed to be acquired by the Subscriber as a result of the subscription of the Subscription Shares and the issue and allotment of the Conversion Shares and the Option Shares in accordance with Note 1 on dispensations from Rule 26 of the Takeovers Code;
- (c) the passing by way of poll by the Independent Shareholders of resolutions at the SGM in compliance with the requirements of the Listing Rules and the Takeovers Code approving the increase in authorized share capital of the Company, the Subscription Agreements and the transactions contemplated thereunder including but not limited to the issue of the Subscription Shares, Issue of Convertible Notes, Grant of Option, the Whitewash Waiver and the special mandate to allot and issue the Conversion Shares and Option Shares, if so required;
- (d) the Bermuda Monetary Authority having granted the approval for the increase of the authorized share capital of the Company to 30,000,000,000 Shares; and
- (e) the Subscriber having completed its due diligence review on the Group and being satisfied with the results of the due diligence review by 10 April 2006.

None of the conditions above would be waived by the Subscriber and if the Whitewash Waiver is not granted by the Executive or approved by the Independent Shareholders, the Subscription Agreements will lapse and the Share Subscription, Issue of Convertible Notes and Grant of Option will not proceed.

#### **Completion**

Completion will take place on the third business day following the date on which all the above conditions are fulfilled, which shall not be later than 30 September 2006 or such other date as the relevant parties may agree in writing.

#### **Use of Proceeds**

The net proceeds from the Share Subscription and Issue of Convertible Notes is estimated to be approximately HK\$69.6 million, approximately HK\$30,000,000 of which shall be used for the settlement of the outstanding loan owed to Guangdong Development Bank, Shenzhen Xiangmihu Branch while the balance of the proceeds and the proceeds to be received upon exercise of the Option by the Subscriber (if any) shall be applied for general working capital of the Group.

## **Reasons for the Share Subscription, Issue of Convertible Notes and Grant of Option**

The Group is principally engaged in operating bonded warehouse, provision of logistics and related services and logistics-related property investment.

As disclosed in the announcements of the Company dated 1 February 2006 and 24 February 2006, a litigation was lodged against the Company and DiChain Logistic Services (Shenzhen) Co., Ltd. ("DWS"), a subsidiary of the Company, by Guangdong Development Bank, Shenzhen Xiangmihu Branch (the "Plaintiff") in relation to a default on payment of a loan of approximately HK\$28.8 million granted by the Plaintiff to DWS. As of the date of this announcement, there was no overdue interest in relation to this particular loan. The Company and DWS have been seeking reconciliation outside the court with the Plaintiff. If no alternatives are accepted by the Plaintiff, the Group may have to repay the outstanding loan in full in a short period of time. Moreover, in addition to the loan owed to the Plaintiff, the Company has outstanding payables of approximately HK\$3.5 million which are due for immediate payment and bank borrowings of approximately HK\$57.7 million. The original due date for repayment of the bank borrowings of approximately HK\$57.7 million was January 2006. After negotiations between the Group and the lender, the repayment date was extended to October 2006. The Directors expect that further extension of the repayment date will be unlikely without any significant improvement in the Company's financial position. Therefore, the Group is in need of funding of at least approximately HK\$90 million in the near term.

Based on the unaudited interim results of the Company, as at 30 September 2005, the current assets of the Group amounted to approximately HK\$109.0 million, which comprised mainly approximately HK\$0.7 million of cash and cash equivalents, approximately HK\$23.4 million of trade and other receivables, approximately HK\$42.0 million of deposit paid for a possible acquisition, approximately HK\$30.4 million of loans receivable and approximately HK\$8.3 million of investments in securities. The trade and other receivables collected are applied mainly for settlement of outstanding payables and daily operating expenses to maintain the Group's existing operations while the deposit paid for a possible acquisition will only be repayable to the Group until 26 December 2006 if the key terms of the acquisition have not been finalized by both parties by then. It is also the intention of the Board to apply the deposit against the consideration of the possible acquisition. According to the loan agreements, the maturity dates for the loans receivable of approximately HK\$4.4 million, HK\$8.0 million and HK\$18.0 million are 30 June 2006, 31 August 2006 and 26 September 2007 respectively. No early repayments of the loans receivable are expected by the Directors. Further announcement will be made by the Company on the details of the loans receivable, deposit and possible acquisition mentioned above.

In light of the above, the Directors do not expect that the Group can realize other current assets to meet its cash demand in a short period of time. The Directors are of the view that the Group is unlikely to be able to settle the outstanding loans unless additional financings are obtained by the Group in the immediate future. Having considered the difficulties of obtaining other means of fund-raising given the dire financial condition of the Company and the fact that the Share Subscription and the Issue of Convertible Notes will provide the Company with immediate funding with reasonable interest cost and the possible additional funding if the Option is exercised, the Directors consider that the Share Subscription, Issue of Convertible Notes and the Grant of Option, which are interdependent, are most time and cost effective, and the terms of which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The Directors also consider that the Share Subscription, Issue of Convertible Notes and Grant of Option can bring in added value, such as the investment expertise and management experiences of the Subscriber, to the Group. Upon Completion, Mr. Wong Kwan will be appointed as chairman, executive Director and chief executive of the Company. The Directors expect that the joining of Mr. Wong Kwan to the Board can facilitate the business development of the Group and further improve the profile of the Company.

The Group has not conducted any equity-related fund raising exercise during the past 12 months immediately prior to the date of this announcement except the proposed issue of convertible notes and grant of option as announced by the Company on 5 December 2005, which has already been terminated as mentioned in the announcement of the Company dated 24 February 2006.

## CHANGE IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming that there is no change in the issued share capital of the Company prior to the Completion of the Subscription Agreements, the following table sets out the shareholding structure of the Company (i) as at the date immediately before the disposal of Shares by DiChain Holdings Limited on 20 February 2006; (ii) as at the date of this announcement; (iii) upon the issue of the Subscription Shares; (iv) upon the issue of the Subscription Shares and conversion of the Convertible Notes in full; and (v) upon the issue of the Subscription Shares and conversion and exercise of the Convertible Notes and Option respectively in full:

	Shareholding structure immediately before the disposal of Shares by DiChain Holdings Limited on 20 Feb 2006		Existing shareholding structure as at the date of this announcement		Shareholding structure upon the issue of the Subscription Shares		Shareholding structure upon the issue of the Subscription Shares and exercise of the Convertible Notes in full		Shareholding structure upon the issue of the Subscription Shares and exercise of the Convertible Notes and Option in full	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Farsight Holdings Limited (Note 1)	63,854,189	1.17	63,854,189	1.17	63,854,189	0.68	63,854,189	0.51	63,854,189	0.48
DiChain Holdings Limited (Note 1)	2,415,698,894	44.43	982,368,894	18.07	982,368,894	10.41	982,368,894	7.90	982,368,894	7.31
Chen Gang, Gordon (Note 2 & 5)	63,160,000	1.16	63,160,000	1.16	63,160,000	0.67	63,160,000	0.51	63,160,000	0.47
Sub-total	2,542,713,083	46.76	1,109,383,083	20.40	1,109,383,083	11.76	1,109,383,083	8.92	1,109,383,083	8.26
Smooth Develop Investments Limited (Note 3)	-	-	1,100,000,000	20.23	1,100,000,000	11.65	1,100,000,000	8.84	1,100,000,000	8.18
Sunny State Investments Limited (Note 4)	-	-	333,330,000	6.13	333,330,000	3.53	333,330,000	2.68	333,330,000	2.48
Robert Fung Hing Piu (Note 5 & 6)	4,305,437	0.08	4,305,437	0.08	4,305,437	0.05	4,305,437	0.04	4,305,437	0.03
First Horizon Limited (Note 5)	60,000,000	1.10	60,000,000	1.10	60,000,000	0.64	60,000,000	0.48	60,000,000	0.45
Sir Kenneth Fung Ping Fan Foundation Trust I (Note 5)	63,604,530	1.17	63,604,530	1.17	63,604,530	0.67	63,604,530	0.51	63,604,530	0.47
Barry J. Buttifant (Note 6)	1,000,000	0.02	1,000,000	0.02	1,000,000	0.01	1,000,000	0.01	1,000,000	0.01
Iain F. Bruce (Note 6)	5,000,000	0.09	5,000,000	0.09	5,000,000	0.05	5,000,000	0.04	5,000,000	0.04
The Subscriber	-	-	-	-	4,000,000,000	42.38	7,000,000,000	56.28	8,000,000,000	59.53
Other Public Shareholders	2,761,474,950	50.78	2,761,474,950	50.78	2,761,474,950	29.26	2,761,474,950	22.20	2,761,474,950	20.55
Total	<u>5,438,098,000</u>	<u>100.00</u>	<u>5,438,098,000</u>	<u>100.00</u>	<u>9,438,098,000</u>	<u>100.00</u>	<u>12,438,098,000</u>	<u>100.00</u>	<u>13,438,098,000</u>	<u>100.00</u>

### Notes:

- DiChain Holdings Limited is owned as to 71.38% by Farsight Holdings Limited, 3.76% by Dr. Fan Di, 0.24% by Mr. Chen Gang, Gordon and the remaining 24.62% shareholding are owned by other minority shareholders, whose respective identity shall be disclosed in the circular to be dispatched to the Shareholders. Therefore, Farsight Holdings Limited is deemed to be interested in the Shares held by DiChain Holdings Limited.  
Farsight Holdings Limited is owned as to 29.50% by Mr. Zhou Wei, 26.00% by Asia Capital Link Partners, 13.28% by Mr. Chen Gang, Gordon, 10.29% by Dr. Fan Di, 1.43% by Mr. Li Xing Gui and 19.50% by Ann Ku.
- Mr. Chen Gang, Gordon is alternate to Dr. Fan Di and therefore Mr. Chen Gang, Gordon is deemed to be party acting in concert with DiChain Holdings Limited.
- Smooth Develop Investments Limited is beneficially owned by Mr. Leung Hang Yu, an independent third party not connected to the substantial shareholders, chief executive and/or directors of the Company and of its subsidiaries and their respective associates as defined in the Listing Rules, the Subscriber and its beneficial owners. The Shares held by Smooth Develop Investments Limited were purchased from DiChain Holdings Limited on 20 February 2006.
- Sunny State Investments Limited is beneficially owned by Ms. Suen Yim Wa, an independent third party not connected to the substantial shareholders, chief executive and/or directors of the Company and of its subsidiaries and their respective associates as defined in the Listing Rules, the Subscriber and its beneficial owners. The Shares held by Sunny State Investments Limited were purchased from DiChain Holdings Limited on 20 February 2006.
- First Horizon Limited is 100% owned by Dr. Robert Fung Hing Piu and Dr. Robert Fung Hing Piu is one of the trustees of Sir Kenneth Fung Ping Fan Foundation Trust I, a charitable foundation. Therefore, Dr. Robert Fung Hing Piu is deemed to be interested in the Shares held by First Horizon Limited and Sir Kenneth Fung Ping Fan Foundation Trust I.
- Dr. Robert Fung Hing Piu is a non-executive Director and Mr. Iain F. Bruce and Mr. Barry J Buttifant are independent non-executive Directors. Mr. Chen Gang, Gordon is alternate to Dr. Fan Di.
- The Company shall have a public float of 32.79% upon the issue of the Subscription Shares. The public float will be 33.72% upon the issue of the Subscription Shares and conversion of the Convertible Notes in full and 31.21% upon the issue of the Subscription Shares and conversion of the Convertible Notes and Option in full.
- The above table was prepared with the assumption that the Conversion Shares and Option Shares would be issued at the initial Conversion Price and Exercise Price of HK\$0.01 each and there were no adjustments in the Conversion Price and Exercise Price of the Convertible Notes and Option respectively.

9. The above table is for illustrative purpose only. The shareholding percentages may change as a result of any adjustment in the Conversion Price and Exercise Price of the Convertible Notes and Option respectively.

The Subscriber undertakes that it shall not exercise its Conversion Rights and subscription rights attaching to the Option if the exercise of such rights shall bring the public float of the Company below 25%.

As the Company foresees the future dilution effect on Shareholders resulting from the issue of Conversion Shares and Option Shares, the Company will keep the Shareholders informed of the level of dilution effect and all relevant details of any conversion of the Convertible Notes or exercise of the Option in the following manner:

- (a) the Company will make a monthly announcement (the “Monthly Announcement”) on the website of the Stock Exchange. Such announcement will be made on or before the fifth working day following the end of each calendar month and will include the following details in a table form:
- (i) whether there is any conversion of the Convertible Notes during the relevant month. If yes, details of the conversion(s), including the conversion date, number of new Shares issued and conversion price of each conversion. If there is no conversion during the relevant month, a negative statement to that effect;
  - (ii) whether there is any exercise of the Option during the relevant months. If yes, details of the exercise(s), including the exercise date, number of new Shares issued and exercise price for each exercise. If the Option is not exercised during the relevant month, a negative statement to that effect;
  - (iii) the number of shares to be issued upon conversion of the outstanding principal of the Convertible Notes and Option after the conversion of the Convertible Notes or exercise of the Option, if any;
  - (iv) the total number of Shares issued and/or cancelled pursuant to other transactions, including Shares issued pursuant to exercise of options under any share option scheme(s) of the Company and/or Shares cancelled pursuant to repurchase of Shares by the Company, with a breakdown of the Shares concerned by the relevant transactions; and
  - (v) the total issued share capital of the Company announced in the previous Monthly Announcement and the total issued share capital of the Company as at the commencement and the last day of the relevant month;
- (b) in addition to the Monthly Announcement, if the cumulative amount of new Shares issued pursuant to the conversion of the Convertible Notes and/or the exercise of the Option reaches 5% of the issued share capital of the Company as disclosed in the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Notes and/or the Option (as the case may be) (and thereafter in a multiple of such 5% threshold), the Company will make an announcement on the website of the Stock Exchange including details as stated in (a) above for the period commencing from the date of the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Notes and/or the Option (as the case may be) up to the date on which the total amount of Shares issued pursuant to the conversion of the Convertible Notes and/or the exercise of the Option amounted to 5% of the issued share capital of the Company as disclosed in the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Notes and/or the Option (as the case may be) and the Company will disclose the total issued share capital of the Company as at the date of any announcement which is published in-between any Monthly Announcement; and
- (c) should any general disclosure obligation of the Company arise under Rule 13.09 of the Listing Rules, further announcement will be made as and when appropriate.

As at the date of this announcement, the Company has an aggregate of 542,000,000 outstanding share options with exercise prices in the range of HK\$0.0278 to HK\$0.1200 each. The exercise in full of the subscription rights attaching to these share options, the Convertible Notes and the Option would result in the issue of an aggregate of 4,542,000,000 Shares, which represent approximately 32.5% of the enlarged issued share capital of the Company. Save for the aforesaid, the Company has no other outstanding options, warrants, derivatives or other securities that are convertible into Shares.

#### **INFORMATION OF THE SUBSCRIBER**

The Subscriber is a private company incorporated in the British Virgin Islands. It has not carried on any business activities since its incorporation on 12 October 2005 other than the entering into of the Subscription Agreements. The Subscriber is beneficially wholly-owned by Mr. Wong Kwan.

The Subscriber currently has two directors, namely Ms. Yip Sui Kuen Kitty and Mr. Wong Kwan. Ms. Yip Sui Kuen Kitty is also a director of Pearl Oriental Corporation Ltd. and Oriental Capital Innovation Ltd., both of which are privately held companies.

Mr. Wong Kwan, aged 58, is a veteran in the investment and property development fields. He has over 30 years of experience in hotel management and investment, property investment and development, investment and operation in the healthcare business and telecommunications technology in Hong Kong, China and overseas. He is also well known in the Asian business world with extensive business connections in the Asia Pacific region. Mr. Wong Kwan was the executive director during the period from October 2003 to June 2005 and chairman & chief executive during the period from July 2004 to June 2005 of Honesty Treasure International Holdings Ltd. (formerly known as Pearl Oriental Enterprises Ltd.) and chairman, executive director and chief executive of The Sun’s Group Ltd. (formerly known as Pearl Oriental Holdings Ltd.) during the period from January 1994 to January 2002, shares of which are listed on the main board of the Stock Exchange of Hong Kong Limited.

#### **FUTURE INTENTIONS OF THE SUBSCRIBER**

The Subscriber intends to continue to focus on developing the existing business of the Group in logistics which will still be the core business of the Group. The Subscriber will also review the investment portfolio of the Group and may consider to realize some of the current investment if appropriate as well as to explore new investment opportunities for the benefit of the Group when they arise. The Subscriber has no plan for injection of any asset or business from the Subscriber into the Group at the present moment. It is also the intention of the Subscriber to maintain the listing of Shares of the Company on the Stock Exchange and will hold the Subscription Shares for long term investment.

As and when additional funding is required for the Group to maintain a sound and solid financial position, the Subscriber may consider exercising the Option in part or in whole and/or introduce new strategic investors to the Company when such opportunities arise.



## **TAKEOVER CODE IMPLICATIONS FOR THE SUBSCRIBER**

Since the Subscriber will hold approximately 42.4% of the enlarged issued share capital of the Company upon the issue of Subscription Shares and its shareholding in the Company will further increase to 59.5% upon full conversion and exercise of the Convertible Notes and Option, it will be obliged to make an unconditional mandatory general offer for all the Shares not already owned or agreed to be acquired by the Subscriber under Rule 26.1 of the Takeovers Code unless a waiver from strict compliance with Rule 26.1 has been obtained from the Executive. The Subscriber will make an application to the Executive pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code for the Whitewash Waiver, the grant of which will be subject to the approval of the Independent Shareholders taken by way of a poll at the SGM.

The Executive may or may not grant the Whitewash Waiver. The grant of the Whitewash Waiver by the Executive is one of the conditions precedent to the Subscription Agreements which will not be waived by the Subscriber. If the Whitewash Waiver is not granted, the Subscription Agreements will lapse and the Share Subscription, Issue of Convertible Notes and Grant of Option will not proceed. If the Whitewash Waiver is granted, the Subscriber will not be required to make a mandatory general offer to the Shareholders under Rule 26 of the Takeovers Code as a result of the allotment and issue of the Subscription Shares, Conversion Shares and Option Shares.

Upon completion of the Share Subscription and full conversion and exercise of the Convertible Notes and Option, the Subscriber will hold more than 50% of the enlarged issued share capital of the Company. Accordingly, so long as the minimum 25% public float requirement of the Listing Rules is observed, the Subscriber may purchase and/or subscribe for additional Shares without triggering any further obligation for a general offer under the Takeovers Code.

Other than pursuant to the Subscription Agreements, neither the Subscriber, its beneficial owner nor any party acting in concert with any of them was interested in any Shares, options, warrants, derivatives or securities convertible into Shares as at the date of this announcement, nor had they dealt in any securities of the Company during the six months prior to the date of the Subscription Agreements.

## **INCREASE IN AUTHORIZED SHARE CAPITAL**

As at the date of this announcement, the authorized share capital of the Company was HK\$80,000,000 divided into 8,000,000,000 Shares, of which 5,438,098,000 Shares were issued and credited as fully paid. The Board proposes to increase the authorized share capital of the Company from HK\$80,000,000 to HK\$300,000,000 by the creation of 22,000,000,000 new Shares to facilitate the issuance of the Subscription Shares, Conversion Shares and Option Shares. The proposed increase in authorized share capital of the Company is subject to approval by the Shareholders at the SGM.

## **SUSPENSION AND RESUMPTION OF TRADING**

Trading in the Shares on the Stock Exchange was suspended at the request of the Company from 9:30 a.m. on 21 February 2006 and application has been made to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on 24 March 2006.

## **GENERAL**

A SGM will be held to consider and, if thought fit, approve the resolutions in respect of the Subscription Agreements, including the Share Subscription, Issue of Convertible Notes, Grant of Option and the grant of special mandate to issue the Conversion Shares and Option Shares, the Whitewash Waiver, the increase in authorized share capital and share consolidation of the Company. As the Warrantor is the warrantor under the Subscription Agreements, it is deemed to be involved in the transactions under the Takeovers Code. Therefore, the Warrantor, its associates and parties acting in concert with any of them, including Farsight Holdings Limited and Mr. Chen Gang, Gordon, shall abstain from voting on the resolutions at the SGM. Smooth Develop Investments Limited and Sunny State Investments Limited shall abstain respectively from voting on the resolutions at the SGM voluntarily for the benefit of the Company.

A circular containing, among other things, (i) further details of the Share Subscription, Issue of Convertible Notes, Grant of Option, the Whitewash Waiver, the proposed increase in authorized share capital and share consolidation of the Company; (ii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; (iii) the recommendation from the Independent Board Committee to the Independent Shareholders, together with (iv) the notice of SGM will be despatched to the Shareholders as soon as practicable.

Kingston Corporate Finance Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on, among others, the Share Subscription, Issue of Convertible Notes, Grant of Option and the Whitewash Waiver, and such appointment has been approved by the Independent Board Committee.

The Subscriber has appointed Hercules Capital Limited to act as its financial adviser in relation to the Share Subscription, Issue of Convertible Notes, Grant of Option, the Whitewash Waiver and related matters referred to in this announcement.

The Company was notified on 23 February 2006 that 1,100,000,000 Shares, representing approximately 20.23% of the existing issued share capital of the Company, and 333,330,000 Shares, representing approximately 6.13% of the existing issued share capital of the Company, held by DiChain Holdings Limited, a major Shareholder, were disposed of to Smooth Develop Investments Limited and Sunny State Investments Limited respectively, both parties and their respective beneficial owners are independent third parties not connected with the Company, DiChain Holdings Limited or their respective connected persons, at a price of HK\$0.015 per Share on 20 February 2006. After the disposal, DiChain Holdings Limited's shareholding has been reduced to 982,368,894 Shares, representing approximately 18.1% of the issued share capital of the Company.

The Directors notice that the market price of the Shares is approaching the extremity of HK\$0.01 as set out in the Listing Rules. Therefore, the Directors propose to conduct a share consolidation exercise and the relevant resolution will be proposed at the SGM. Details regarding the share consolidation will be disclosed in a separate announcement and the circular.

**Shareholders of the Company and investors should be aware of and take note that the Subscription Agreements are conditional upon satisfaction of certain conditions precedent and may or may not proceed. Shareholders of the Company and investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	China Merchants DiChain (Asia) Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“Completion”	completion of the Subscription Agreements
“Conditional Agreement”	the conditional agreement dated 22 February 2006, entered into between, inter alia, the Company and the Subscriber in relation to, among other things, the Share Subscription and the Grant of Option
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Conversion Price”	the price per Conversion Share at which the Convertible Notes are to be converted into Conversion Shares, such price being HK\$0.01 per Conversion Share, subject to adjustments, if any
“Convertible Notes”	The convertible notes of a principal amount of HK\$30,000,000 to be issued by the Company and subscribed for by the Subscriber in accordance with the Subscription Agreements subject to the terms and conditions as therein contained
“Conversion Rights”	the rights attached to the Convertible Notes to convert its principal amount or a part thereof into Conversion Shares
“Conversion Shares”	The Shares to be issued by the Company upon the conversion of the Convertible Notes which shall rank pari passu with the other existing Shares
“Directors”	the directors of the Company
“Executive”	The Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Grant of Option”	The granting of the Option to the Subscriber pursuant to the Subscription Agreements
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising the independent non-executive Directors, namely Messrs. Barry J. Buttifant, Iain F. Bruce and Victor Yang
“Independent Shareholders”	Shareholders who have not been involved in or, are not interested in the transactions contemplated in the Subscription Agreements, including the Whitewash Waiver, being Shareholders other than DiChain Holdings Limited, Farsight Holdings Limited, Mr. Chen Gang, Gordon, the Subscriber and the Subscriber’s beneficial owner and their respective associates and concert parties. Smooth Develop Investments Limited, Sunny State Investments Limited and their respective associates and concert parties shall abstain from voting voluntarily for the benefit of the Company
“Issue of Convertible Notes”	The issue of Convertible Notes to the Subscriber by the Company pursuant to the terms of the Subscription Agreements
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Noteholder(s)”	the person(s) or corporation(s) who is or are for the time being the registered holder(s) of the Convertible Notes
“Option”	the option granted by the Company to the Subscriber in relation to the subscription of the Option Shares
“Option Share(s)”	the Shares to be issued by the Company pursuant to the exercise by the Subscriber or the holder(s) of the Option
“PRC”	People’s Republic of China, and for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“SFC”	The Securities and Futures Commission of Hong Kong
“SGM”	The special general meeting of the Company to be convened for the purpose of passing the resolutions, among other things, the Share Subscription, Issue of Convertible Notes, Grant of Option, the Whitewash Waiver, the increase in authorized share capital and share consolidation of the Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Share Subscription”	The subscription of the Subscription Shares by the Subscriber upon and subject to the terms and conditions of the Subscription Agreements
“Shareholder(s)”	The holder(s) of the Share(s)
“Solicitors”	Messrs. Preston Gates & Ellis
“Subscriber”	Orient Day Developments Limited, an investment holding company incorporated in the British Virgin Islands with limited liability

“Subscription Agreements”	The Conditional Agreement and the Supplemental Agreement entered into between, inter alia, the Company and the Subscriber in relation to the Share Subscription, Issue of Convertible Notes and Grant of Option
“Supplemental Agreement”	the supplemental agreement dated 20 March 2006 entered into between, inter alia, the Company and the Subscriber, to amend the terms of the Conditional Agreement and in respect of the Issue of the Convertible Notes
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.01, being the subscription price of each Subscription Share
“Subscription Shares”	4,000,000,000 new Shares to be issued by the Company to the Subscriber pursuant to the Subscription Agreements
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Warrantor”	DiChain Holdings Limited, the substantial Shareholder and warrantor of the Subscription Agreements
“Whitewash Waiver”	the waiver from the Executive pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

As at the date of this announcement, the Board comprises four executive Directors, namely Messrs. Fan Di, Zhou Li Yang, Zheng Yingsheng, and Chen Gang, Gordon (alternate to Dr. Fan Di), two non-executive Directors, namely Messrs. Robert Fung Hing Piu and Wang Shizhen, and three independent non-executive Directors, namely Messrs. Barry J. Buttifant, Iain F. Bruce and Victor Yang.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than information relating to the Subscriber) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Subscriber) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement (other than information relating to the Subscriber), the omission of which would make any statement in this announcement (other than information relating to the Subscriber) misleading.

The Subscriber’s directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than information relating to the Company and the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Company) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement (other than information relating to the Company and the Group), the omission of which would make any statement in this announcement (other than information relating to the Company and the Group) misleading.

By Order of the Board  
**China Merchants DiChain (Asia) Limited**  
**Zhou Li Yang**  
*Managing Director*

By Order of the Board  
**Orient Day Developments Limited**  
**Wong Kwan**  
*Chairman*

Hong Kong, 23 March 2006

\* for identification purpose only

“Please also refer to the published version of this announcement in The Standard”