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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)**

### **PROPOSAL FOR SHARE CONSOLIDATION AND CHANGE OF BOARD LOT SIZE**

The Board proposed to implement a Share Consolidation and to change the board lot size of Shares for trading from 10,000 Shares to 1,000 Consolidated Shares.

The Share Consolidation is subject to the Shareholders' approval at the SGM and no Shareholders are required to abstain from voting on the resolution in relation to the Share Consolidation.

The Circular which contains, inter alia, further details of the Share Consolidation and change of board lot size, together with the notice of the SGM will be dispatched to the Shareholders as soon as practicable.

Reference is made to the Announcement and terms used herein shall have the same meanings as those defined in the Announcement unless defined otherwise.

#### **PROPOSED SHARE CONSOLIDATION**

The Board proposed to implement a share consolidation on the basis that every 50 issued and unissued Shares of HK\$0.01 each will be consolidated into one Consolidated Share of HK\$0.50. Fractional Consolidated Shares will not be issued to the Shareholders but will be aggregated and, if possible, sold for the benefits of the Company.

#### **EFFECTS OF THE SHARE CONSOLIDATION**

As at the date of this announcement, the authorized share capital of the Company amounted to HK\$80,000,000 comprising 8,000,000,000 Shares of HK\$0.01 each, of which 5,438,098,000 Shares have been allotted and issued as fully paid or credited as fully paid. Upon the Share Consolidation taking effect and on the basis that the Company does not allot and issue any Shares prior thereto, the authorized share capital of the Company shall become HK\$80,000,000 comprising 160,000,000 Consolidated Shares, of which 108,761,960 Consolidated Shares will be in issue.

The Consolidated Shares will rank pari passu in all respects with each other. Other than the expenses to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the interests or rights of the Shareholders, save for any fractional Consolidated Shares to which the Shareholders may be entitled.

## **Reasons for the Share Consolidation**

Taking into account that the Share Consolidation will increase the nominal value of the Shares and their trading price per board lot, and therefore will reduce the transaction and handling costs of the Company and the Shareholders whose Shares are held through CCASS, and for compliance with the requirements under Rule 13.64 of the Listing Rules, the Directors are of the view that the Share Consolidation is in the best interests of the Company and recommend the Shareholders to vote in favour of the resolution for approval of the Share Consolidation at the SGM.

## **Conditions of the Share Consolidation**

The Share Consolidation is conditional on:

- (i) the passing by the Shareholders of an ordinary resolution to approve the Share Consolidation at the SGM;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued;
- (iii) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Share Consolidation, if necessary.

No Shareholders are required to abstain from voting on the resolution in relation to the Share Consolidation.

## **Listing**

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective.

## **CHANGE IN BOARD LOT SIZE OF SHARES FOR TRADING**

Subject to completion of the Share Consolidation, the Directors also proposed to change the board lot size of the Shares from 10,000 Shares to 1,000 Consolidated Shares.

Based on the last closing price of HK\$0.071 per Share as quoted on the Stock Exchange on 21 April 2006, being the last trading day immediately before the publication of this announcement and upon the Share Consolidation becoming effective, the theoretical market value of each new board lot of Consolidated Shares shall be HK\$3,550 while the value of one board lot of Consolidated Shares before effecting the change in board lot size is HK\$35,500. The change in the board lot size shall allow the public to have a reasonable entry level to invest in the Consolidated Shares.

## **ARRANGEMENT ON ODD LOT TRADING**

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company will appoint Kingsway Financial Services Group Limited to provide matching service, on best effort basis, to those Shareholders who wish to acquire odd lots of Consolidated Shares to make up a full board lot, or to dispose of their holdings of odd lots of Consolidated Shares. Details of the odd lot arrangement will be stated in the Circular.

## **EXPECTED TIMETABLE AND TRADING ARRANGEMENT**

The expected timetable and trading arrangement for the Share Consolidation and change in board lot size will be provided in the Circular.

## **ADJUSTMENTS IN RELATION TO SHARE OPTIONS**

Subject to the Share Consolidation becoming unconditional, the subscription prices payable and the number of Consolidated Shares entitled on exercise of the Share Options will be adjusted in accordance with the Share Option Scheme where the respective subscription prices will be enlarged by 50 times and the number of Consolidated Shares entitled under the Share Options will be reduced to 1/50 of the number of Shares entitled in accordance with the provisions of the Share Option Scheme. In respect of these adjustments, an independent financial adviser or the auditors will be engaged to confirm to the Directors in writing that the adjustments satisfy the requirements set out in Rule 17.03(13) of the Listing Rules and the supplementary guidelines regarding adjustments to share options issued by the Stock Exchange on 5 September 2005.

## **DEFINITIONS**

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

“Announcement”	the announcement of the Company dated 23 March 2006 in relation to, among other things, the proposed share consolidation of Shares
“Board”	the board of Directors
“Circular”	the circular of the Company containing, among other things, details of the Share Consolidation and change of board lot size, to be despatched to the Shareholders
“Company”	China Merchants DiChain (Asia) Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“Consolidated Share(s)”	ordinary share(s) of HK\$0.5 each in the issued and unissued share capital of the Company upon the Share Consolidation becoming effective
“Directors”	the directors of the Company
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“SGM”	the special general meeting of the Company to be convened for the purpose of passing the resolutions, among other things, the Share Consolidation
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)

“Share Consolidation”	the share consolidation which will be made on the basis that every 50 Shares will be consolidated into one Consolidated Shares
“Share Options”	the share options granted or to be granted under the Share Option Scheme
“Share Option Scheme”	The share option scheme adopted by the Company on 21 June 2002
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

*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.*

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

Hong Kong, 24 April 2006

\* *for identification purpose only*

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