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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)

**DESPATCH OF CIRCULAR RELATING TO
SUBSCRIPTION OF NEW SHARES
ISSUE OF CONVERTIBLE NOTES
GRANT OF OPTION TO SUBSCRIBE NEW SHARES
APPLICATION FOR WHITEWASH WAIVER
INCREASE IN AUTHORIZED SHARE CAPITAL SHARE CONSOLIDATION
CHANGE IN BOARD LOT SIZE AND
GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES
AND
INFORMATION RELATING TO A DEPOSIT AND LOANS RECEIVABLE OF THE GROUP**

Reference is made to the joint announcement of China Merchants DiChain (Asia) Limited and Orient Day Developments Limited dated 23 March 2006 and the announcement of the Company dated 24 April 2006 (the “Previous Announcements”) in relation to the captioned matters. Terms used herein shall have the same meanings as those defined in the Previous Announcements and the Circular (as hereinafter defined) unless defined otherwise.

DESPATCH OF CIRCULAR

The Directors and directors of the Subscriber are pleased to announce that the circular dated 4 May 2006 (the “Circular”) containing, amongst other things, (1) further information in relation to the Share Subscription, Issue of Convertible Notes, Grant of Option, the Whitewash Waiver, proposed increase in authorized share capital, Share Consolidation, change in board lot size and the granting of the General Mandate and Repurchase Mandate; (2) advice of the Independent Financial Adviser to the Independent Board Committees and the Independent Shareholders in relation to the Share Subscription, Issue of Convertible Notes, Grant of Option and the Whitewash Waiver; and (3) the recommendation of the Independent Board Committees to the Independent Shareholders in relation to the Share Subscription, Issue of Convertible Notes, Grant of Option and the Whitewash Waiver, together with the notice convening the SGM and a proxy form, were despatched to the Shareholders on 4 May 2006.

The expected timetable of the proposed Share Consolidation is set out as follows:

2006

Latest time for lodging forms of proxy for the SGM	10:00 a.m. Saturday, 20 May
SGM	10:00 a.m. Monday, 22 May
Effective date of the Share Consolidation	Tuesday, 23 May
Announcement of results of the SGM to be published	Tuesday, 23 May
Dealings in the Consolidated Shares commence	9:30 a.m. Tuesday, 23 May
Original counter for trading in the Shares in board lots of 10,000 Shares temporarily closes	9:30 a.m. Tuesday, 23 May
Temporary counter for trading in the Consolidated Shares in board lots of 200 Consolidated Shares opens	9:30 a.m. Tuesday, 23 May
First day for free exchange of existing certificates for the Shares for new certificates for the Consolidated Shares	Tuesday, 23 May
Original counter for trading in the Consolidated Shares in board lots of 1,000 Consolidated Shares reopens	9:30 a.m. Wednesday, 7 June
Parallel trading in the Consolidated Shares in the form of existing and new share certificates commences	9:30 a.m. Wednesday, 7 June
Designated broker starts to stand in the market to provide matching service	9:30 a.m. Wednesday, 7 June
Temporary counter for trading in the Consolidated Shares in board lots of 200 Consolidated Shares closes	4:00 p.m. Wednesday, 28 June
Parallel trading in the Consolidated Shares ends	4:00 p.m. Wednesday, 28 June
Designated broker ceases to stand in the market to provide matching service	4:00 p.m. Wednesday, 28 June
Last day of free exchange of existing certificates for the Shares for new certificates for the Consolidated Shares	Friday, 30 June

Note: All times and dates refer to Hong Kong local times and dates.

Further details of the odd lot arrangement and trading arrangement for the Share Consolidation and change in board lot size are provided in the Circular.

Independent Shareholders are advised to read the Circular carefully, including the letter of advice from the Independent Financial Adviser and the letters of advice from the Independent Board Committees, before exercising their voting rights at the SGM on the resolutions in relation to the Share Subscription, Issue of Convertible Notes, Grant of Option and the Whitewash Waiver.

INFORMATION RELATING TO A DEPOSIT AND LOANS RECEIVABLE OF THE GROUP

Reference is made to the Company's announcement dated 23 March 2006. As at 30 September 2005, the Group had a deposit of approximately HK\$42.0 million paid for a possible acquisition and interest-bearing loans receivable of approximately HK\$30.4 million.

The deposit of HK\$42.0 million was made in accordance with an Asset Transfer Deposit Agreement (資產轉讓預付款協議) (the "Deposit Agreement") dated 27 September 2005 entered into between the Company and Hero Vantage Limited ("Hero"), pursuant to which the Company shall acquire from Hero certain logistics assets on condition that, inter alia, Hero shall have acquired and become the legal owner of the relevant logistics assets (the "Condition Precedent"). If the Condition Precedent is not fulfilled within 12 months after the date of the Deposit Agreement, the deposit shall be refunded to the Company within 3 months thereafter with interest thereon to be calculated at the rate of 5% per annum. As at the date hereof, the acquisition was still under negotiation stage and the consideration and other key terms of which have not been finalized yet. The acquisition may or may not proceed and the deposit will be refunded to the Company only until 26 December 2006 if the Condition Precedent is not fulfilled within the aforesaid 12-month contract period. The deposit may be subject to the disclosure requirement under Rule 13.13 of the Listing Rules at the relevant material time and further information relating to the deposit will be provided by the Company separately.

The loans receivable comprised the following three loans:

Borrower	Loan Amount (HK\$)	Interest Rate	Collaterals	Maturity Date	Date of Agreement
Squadram Limited ^{Note 3}	5.5 million	5% p.a.	Listed securities in the U.S. with market value of approximately HK\$ 17.7 million ^{Note 2}	30 Jun 2006	1 Jul 2005
Earnest Investments Services Limited	8.0 million	5% p.a.	Listed securities in the U.S. with market value of approximately HK\$15.8 million ^{Note 2}	31 Aug 2006	1 Sep 2005
Hero Vantage Limited ^{Note 1}	18.0 million	4% p.a.	20% shares of Hero and personal guarantee by the owner of Hero	26 Sep 2007	27 Sept 2005

Notes:

1. The loan to Hero was not discloseable under the Listing Rules at the time when the relevant loan agreement was entered into. However, this loan became discloseable under Rule 13.13 in December 2005 as the percentage ratio of the consideration test exceeded 8% for the reason that the Shares were traded at a low price in that month. Due to inadvertent oversight, the Company failed to make timely disclosure in relation to the loan to Hero. Pursuant to the amendment of the Listing Rules which came into effect on 1 March 2006, Rule 13.13 of the Listing Rules was amended to the effect that the disclosure obligation will arise if the relevant advance to an entity exceeds 8% under the assets ratio test, which means the consideration test will no longer be referred to for the purpose of this rule. The assets ratio of this loan has never exceeded 8% from the date of the loan agreement.
2. The market values are calculated based on the closing price of the listed securities on 1 May 2006, being the latest practicable date for ascertaining this information.
3. As at 30 September 2005, the balance of the loan receivable was HK\$4.4 million.

All the abovementioned borrowers are independent third parties not connected with the Company or its associates. When the loans receivable were made to the borrowers, the Directors were confident that the Group's bank loan of RMB30 million could be renewed as the Group had done so in the previous year. At the same time, the business of the Group operated normally and the Group had idle funds in addition to its required working capital. In consideration of the fact that sufficient collaterals would be pledged to the Group to secure the loans and it might be beneficial to the Group to fully utilize its idle funds to earn interests, loans were made to the borrowers. As at the date hereof, the Directors were not aware of any fact or indication that substantiated the existence of recoverability problem on the loans receivable and the deposit. Therefore, the Directors are of the view that the loans receivable and the deposit are recoverable but there will be no early repayment.

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 Yuk Kwan (alias Wong Kwan)
Chairman

Hong Kong, 4 May 2006

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 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), the omission of which would make any statement in this announcement (other than information relating to the Company) misleading.

* for identification purpose only

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