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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** as to any aspect of this circular, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in China Merchants DiChain (Asia) Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed dealer, or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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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)**

**GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES  
RE-ELECTION OF DIRECTORS  
CHANGE OF AUDITORS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the annual general meeting of China Merchants DiChain (Asia) Limited to be held at Unit 3611, 36/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong on 30 August 2006, Wednesday at 10:00 a.m. is set out in this circular. A form of proxy for use at the annual general meeting is enclosed. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited ([www.hkex.com.hk](http://www.hkex.com.hk)).

Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time fixed for holding the annual general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the annual general meeting or any adjourned meeting if you so wish.

2 August 2006

\* For identification purpose only

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## DEFINITIONS

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*In this circular, the following expressions have the following meanings, unless the context requires otherwise:*

“AGM”	the annual general meeting of the Company to be convened on 30 August 2006, Wednesday at 10:00 a.m. at Unit 3611, 36/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong;
“Bye-laws”	the Bye-laws adopted by the Company, and as amended from time to time by resolution of the Shareholders of the Company;
“Associate”	has the meaning ascribed to this term under the Listing Rules;
“Board”	the board of Directors;
“Company”	China Merchants DiChain (Asia) Limited, a company incorporated in the Bermuda with limited liability with its securities listed on the Stock Exchange;
“Chairman”	chairman of the Board;
“Director(s)”	director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	28 July 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;
“Repurchase Mandate”	the proposed repurchase mandate be granted to the Directors to exercise the power of the Company to repurchase Shares up to a maximum of 10% of the issued share capital of the Company as at the date of passing the resolution for approving the repurchase mandate;
“Share(s)”	the ordinary share(s) of HK\$0.50 each in the share capital of the Company;

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## DEFINITIONS

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“Share Issue Mandate”	the proposed issue mandate to be granted to the Directors to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of passing the resolution for approving the share issue mandate;
“Shareholder(s)”	holder(s) of the Share(s);
“SFC”	the Securities and Futures Commission;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.



**CHINA MERCHANTS DICHAIN (ASIA) LIMITED**

**招商迪辰(亞洲)有限公司\***

*(incorporated in Bermuda with limited liability)*

**(Stock code: 632)**

*Executive directors:*

Wong Yuk Kwan (alias: Wong Kwan)

Lin Xizhong

Chan Yiu Keung

Cheung Kwok Yu

Zhou Li Yang

Zheng Yingsheng

*Non-executive director:*

Robert Fung Hing Piu

*Independent non-executive directors:*

Anwar Ibrahim

Lee G. Lam

Victor Yang

*Registered office:*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Principal place of business*

*in Hong Kong:*

Unit 3611, 36/F.

West Tower, Shun Tak Centre

168-200 Connaught Road Central

Hong Kong

2 August 2006

*To Shareholders*

Dear Sir or Madam,

**GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES  
RE-ELECTION OF DIRECTORS  
CHANGE OF AUDITORS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide you with information in respect of the ordinary and special resolutions to be proposed at the AGM for the approval of (a) the Share Issue Mandate; (b) the Repurchase Mandate; (c) the extension of the Share Issue Mandate; and (d) the re-elections of Directors. This circular contains the explanatory statement and gives all the information reasonably necessary to enable the Shareholders to make informed decisions on whether to vote for or against the resolutions to be proposed at the AGM.

A notice convening the AGM is set out on pages 13 to 16 to this circular.

\* For identification purpose only

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## LETTER FROM THE BOARD

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### **GENERAL MANDATE TO ISSUE SHARES**

An ordinary resolution will be proposed at the AGM to grant the Directors a general and unconditional mandate to allot, issue and deal with Shares of HK\$0.50 each in the Company with an aggregate nominal value not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company at the date of the passing of such resolution. The Share Issue Mandate, if granted, will remain effective until the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held under the Bye-laws or any applicable laws of the Bermuda or the Listing Rules; and (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

### **GENERAL MANDATE TO REPURCHASE SHARES**

An ordinary resolution will be proposed at the AGM to grant the Directors a general and unconditional mandate to repurchase Shares subject to the maximum number of Shares of up to 10% of the aggregate nominal amount of the issued share capital of the Company at the date of passing of such resolution. The Repurchase Mandate, if granted, will remain effective until the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held under the Bye-laws or any applicable laws of the Bermuda or the Listing Rules; and (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

### **EXTEND GENERAL MANDATE TO ISSUE SHARES**

Subject to and conditional on the passing of the resolutions to grant the Share Issue Mandate and the Repurchase Mandate, an ordinary resolution will be proposed at the AGM to extend the Share Issue Mandate by the addition to the aggregate nominal amount of the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandates of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company pursuant to the Repurchase Mandate provided that such extended amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company in issue on the date of passing the resolution for approving the Share Issue Mandate.

An explanatory statement containing all relevant information relating to the proposed Repurchase Mandate is set out in the Appendix to this circular. The information in the explanatory statement is provided to you with information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolution in relation to the Repurchase Mandate.

### **RE-ELECTION OF DIRECTORS**

As at the date of this circular, the executive Directors are Messrs. Wong Kwan, Lin Xizhong, Chan Yiu Keung, Cheung Kwok Yu, Zhou Li Yang and Zheng Yingsheng and the non-executive Director is Dr. Robert Fung Hing Piu and the independent non-executive Directors are Messrs. Anwar Ibrahim, Lee G. Lam and Victor Yang.

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## LETTER FROM THE BOARD

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Pursuant to Bye-law 86, a Director appointed by the Board to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting.

Pursuant to Bye-law 87, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation provided that, the Chairman and/or the managing director of the Company (whilst holding such office) and Directors appointed pursuant to Bye-law 86(2) shall not, be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year.

Accordingly, Messrs. Wong Kwan, Lin Xizhong, Chan Yiu Keung, Cheung Kwok Yu, Anwar Ibrahim and Lee G. Lam will retire at the AGM, who being eligible, offer themselves for re-election at the forthcoming AGM. All other remaining directors continue in office.

The biographical details of all the retiring Directors are as follows:

**Wong Kwan** (“Mr. Wong”), aged 58, the Chairman, executive Director and chief executive of the Company, is a veteran in the investment and property development fields. Mr. Wong 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. Mr. Wong is also well known in the Asian business world with extensive business connections in the Asia Pacific region. Mr. Wong was the executive director during the period from October 2003 to June 2005 and chairman and chief executive during the period from July 2004 to June 2005 of Honesty Treasure International Holdings Limited (formerly known as Pearl Oriental Enterprises Limited), shares of which are listed on the main board of the Stock Exchange of Hong Kong Limited.

Save as disclosed above, Mr. Wong does not have any relationships with other Directors, senior management, substantial shareholders (as defined in the Listing Rules), or controlling shareholders (as defined in the Listing Rules) of the Group. Save as aforesaid, Mr. Wong did not hold other directorship in any public listed companies in the last 3 years.

Mr. Wong has entered into a service contract with the Company for a term of 2 years commencing from 24 May 2006 with a director’s fee of HK\$300,000 per annum, which is determined by reference to his duties, responsibilities and experience. In addition, Mr. Wong is entitled to share options to subscribe for 2,400,000 Shares in the Company and a discretionary year-end-bonus.

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## LETTER FROM THE BOARD

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**Lin Xizhong** (“Mr. Lin”), aged 61, graduated from Beijing Foreign Studies University, has over 30 years of work experience in state-owned natural resources, mining and banking industries. Before joining the Group, Mr. Lin was the Senior Vice President of China Minmetals Corporation, Chief Executive Officer of China Minmetals H.K. (Holdings) Ltd, Vice President of Hong Kong First Pacific Bank Ltd and also the Chairman and Executive Director of two Hong Kong listed companies, namely Minmetals Resources Ltd (stock code: 1208) and Onfem Holdings Ltd (stock code: 230). Mr. Lin is currently a director of AXA Asia Pacific Holdings Limited, a company listed in Australia. Mr. Lin has extensive valuable experience in business operation and management.

Save as disclosed above, Mr. Lin does not have any relationships with other Directors, senior management, substantial shareholders (as defined in the Listing Rules), or controlling shareholders (as defined in the Listing Rules) of the Group. Save as aforesaid, Mr. Lin did not hold other directorship in any public listed companies in the last 3 years.

Mr. Lin has entered into a service contract with the Company for a term of 2 years commencing from 13 June 2006 with a director’s fee of HK\$300,000 per annum, which is determined by reference to his duties, responsibilities and experience. In addition, Mr. Lin is entitled to share options to subscribe for 1,000,000 Shares in the Company and a discretionary year-end-bonus.

**Chan Yiu Keung** (“Mr. Chan”), aged 45, has over 22 years working experience in finance, investment and banking. He has held senior positions in the investment banking and private equity businesses of Standard Chartered Bank, Manufacturers Hanover and Citibank. He was involved in investment banking, corporate finance, private equity, capital markets and project finance, and has extensive experience in the Asia Pacific region and China. Mr. Chan obtained Master Degree of Business Administration from the Chinese University of Hong Kong, Bachelor Degree of Laws from University of London and Bachelor Degree of Arts from Hong Kong University. Mr. Chan is also a Chartered Financial Analyst. He is currently the advisor of Pearl Oriental Corporation Limited and is responsible for the investment strategy.

Save as disclosed above, Mr. Chan does not have any relationships with other Directors, senior management, substantial shareholders (as defined in the Listing Rules), or controlling shareholders (as defined in the Listing Rules) of the Group and did not hold other directorship in any public listed companies in the last 3 years.

Mr. Chan has entered into a service contract with the Company for a term of 2 years commencing from 24 May 2006 with a director’s fee of HK\$300,000 per annum, which is determined by reference to his duties, responsibilities and experience. In addition, Mr. Chan is entitled to share options to subscribe for 1,000,000 Shares in the Company and a discretionary year-end-bonus.

**Cheung Kwok Yu** (“Mr. Cheung”), aged 36, has over 15 years of experience with international accounting firms and law firms and listed companies in direct investment, accounting, legal, corporate finance and mergers and acquisitions. Mr. Cheung is a Chartered Financial Analyst charterholder and a professional accountant in Hong Kong, and is also qualified as a solicitor in Hong Kong. Mr. Cheung has a Master degree in Applied Finance from Macquarie University in Sydney and a Bachelor of Arts degree in Accountancy from Hong Kong Polytechnic University. Mr. Cheung is currently a director of Oriental Capital Innovation Limited.



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## LETTER FROM THE BOARD

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Save as disclosed above, Mr. Cheung does not have any relationships with other Directors, senior management, substantial shareholders (as defined in the Listing Rules), or controlling shareholders (as defined in the Listing Rules) of the Group and did not hold other directorship in any public listed companies in the last 3 years.

Mr. Cheung has entered into a service contract with the Company for a term of 2 years commencing from 24 May 2006 with a director's fee of HK\$300,000 per annum, which is determined by reference to his duties, responsibilities and experience. In addition, Mr. Cheung entitled to share options to subscribe for 1,000,000 Shares in the Company and a discretionary year-end-bonus.

**Anwar Ibrahim** ("Dr. Ibrahim"), aged 58, is a well known international figure in politics and economics, is the former Deputy Prime Minister and Minister of Finance of Malaysia. Dr. Ibrahim has an extensive network in Europe, USA, Middle East and Asia Pacific. In 1998 Newsweek magazine named Dr. Ibrahim the "Asian of the Year." Dr. Ibrahim is currently a consultant on governance of World Bank (Washington, USA); Honorary President of Accountability (London, UK); and distinguished visiting professor at Georgetown University (Washington, USA).

Save as disclosed above, Dr. Ibrahim does not have any relationships with other Directors, senior management, substantial shareholders (as defined in the Listing Rules), or controlling shareholders (as defined in the Listing Rules) of the Group and did not hold other directorship in any public listed companies in the last 3 years.

Dr. Ibrahim has entered into a service contract with the Company for a term of 2 years commencing from 24 May 2006 with a director's fee of HK\$300,000 per annum, which is determined by reference to his duties, responsibilities and experience. In addition, Dr. Ibrahim is entitled to share options to subscribe for 2,000,000 Shares in the Company and a discretionary year-end-bonus.

**Lee G. Lam** ("Dr. Lam"), aged 46, is a renowned top executive in business and financial sectors. Dr. Lam is the Director, Chief Executive Officer and Vice Chairman of Chia Tai Enterprises International Limited (Stock Code: 0121). Dr. Lam is an independent non-executive director of Capital Strategic Investment Limited (Stock Code: 0497), Far East Technology International Limited (Stock Code: 0036), Finet Group Limited (Stock Code: 8317), Hutchison Harbour Ring Limited (Stock Code: 0715), Mingyuan Medicare Development Company Limited (Stock Code: 0233), Vongroup Limited (Stock Code: 0318) and Rowsley Limited (Singapore-listed); and a non-executive director of Glorious Sun Enterprises Limited (Stock Code: 0393) and a director of True Corporation Public Company Limited (Thailand-listed). Dr. Lam has over 24 years of international management experience and has held important positions with a number of reputable companies including BOC International Holdings Limited, Singapore Technologies Telemedia, Hongkong Telecom and Bell Canada. As a fellow of the Hong Kong Institute of Directors, Dr. Lam holds a B.Sc., an M.Sc., an M.B.A., a post-graduate diploma in public administration, a post-graduate diploma in English and Hong Kong law and a Ph.D.

Save as disclosed above, Dr. Lam does not have any relationships with other Directors, senior management, substantial shareholders (as defined in the Listing Rules), or controlling shareholders (as defined in the Listing Rules) of the Group. Save as aforesaid, Dr. Lam did not hold other directorship in any public listed companies in the last 3 years.

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## LETTER FROM THE BOARD

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Dr. Lam has entered into a service contract with the Company for a term of 2 years commencing from 24 May 2006 with a director's fee of HK\$300,000 per annum, which is determined by reference to his duties, responsibilities and experience. In addition, Dr. Lam is entitled to share options to subscribe for 2,000,000 Shares in the Company and a discretionary year-end-bonus.

As at the Latest Practicable Date, Orient Day Developments Limited is interested in 141,805,800 Shares, which represents approximately 57% of the issued share capital of the Company. Orient Day Developments Limited is beneficially wholly-owned by Mr. Wong. Save and except the equity interest disclosed herein, none of the retiring Directors have any interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, there is no information about any of the retiring Directors that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules and there are no other matters in relation to the aforesaid re-elections that is required to be brought to the attention of the Stock Exchange or the Shareholders.

### **CHANGE OF AUDITORS**

The Company received a resignation letter from Deloitte Touche Tohmatsu dated 12 June 2006 resigning as auditors of the Company with immediate effect because, inter alia, the Company could not reach a consensus with Deloitte Touche Tohmatsu on the audit fee for the year ended 31 March 2006.

CCIF CPA Limited has been appointed as the auditors of the Company to fill the casual vacancy of Deloitte Touche Tohmatsu and to hold office until the conclusion of the AGM, subject to the appointment being approved by the Shareholders at the AGM by way of ordinary resolution.

In the resignation letter, Deloitte Touche Tohmatsu confirmed that there are no circumstances connected with its resignation which Deloitte Touche Tohmatsu considered necessary to be brought to the attention of the shareholders or creditors of the Company. The Board is not aware of any other fact or circumstances that ought to be brought to the notice of the shareholders of the Company.

### **THE AGM, PROXY ARRANGEMENT AND DEMAND BY POLL**

A notice convening the AGM to be held at Unit 3611, 36/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong, on 30 August 2006, Wednesday at 10:00 a.m. is set out on pages 13 to 16 of this circular.

A form of proxy for use at the AGM is enclosed with this circular. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited ([www.hkex.com.hk](http://www.hkex.com.hk)). Whether or not you are able to attend the AGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM (or any adjournment thereof) to the office of the Company's share registrar in Hong Kong, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

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## LETTER FROM THE BOARD

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Pursuant to clause 66 of the Bye-laws, every resolution put to vote at a general meeting shall be decided on a show of hands unless voting by way of a poll is required by the Listing Rules or demanded (before or upon the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll):

- (a) by the chairman of the meeting; or
- (b) by at least 3 Shareholders present in person or in the case a Shareholder being a corporation by its duly authorized representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Shareholder or Shareholders present in person or in the case a Shareholder being a corporation by its duly authorized representative or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or
- (d) by a Shareholder or Shareholders present in person or in the case a Shareholder being a corporation by its duly authorized representative or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

A demand by a person as proxy for a Shareholder or in the case of a Shareholder being a corporation by its duly authorized representative shall be deemed to be the same as a demand by a Shareholder.

Unless a poll is duly demanded and the demand is not withdrawn, a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or not, and an entry to that effect made in the minute book of the Company, shall be conclusive evidence of the facts without proof of the number or proportion of the votes recorded for or against the resolution.

### RECOMMENDATION

The Directors consider that all the proposed resolutions in the AGM are in the interests of the Company and the Shareholders as a whole and, accordingly, the Directors recommend all Shareholders to vote in favour of all the resolutions to be proposed at the AGM in respect thereof.

Yours faithfully  
For and on behalf of the Board  
**China Merchants DiChain (Asia) Limited**  
**Wong Kwan**  
*Chairman*

*This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide all the information in relation to the Repurchase Mandate for your consideration.*

## **1. LISTING RULES RELATING TO THE REPURCHASES OF SECURITIES**

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their fully-paid shares on the Stock Exchange subject to certain restrictions, the important of which are summarized below:

### **(a) Shareholders' approval**

All proposed purchase of securities on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by its shareholders by an ordinary resolution, either by way of a general mandate or by a specific approval in relation to a specific transaction.

### **(b) Share capital**

Under the Repurchase Mandate, the number of Shares that the Company may repurchase shall not exceed 10% of the aggregate nominal amount of its issued share capital at the date of the passing of the proposed resolution granting the Repurchase Mandate.

As at the Latest Practicable Date, the Company has 248,761,960 Shares in issue. Subject to the passing of the proposed resolution for the grant of the Repurchase Mandate and on the basis that no Shares are issued or repurchased by the Company prior to the AGM, the exercise of the Repurchase Mandate in full would result in up to 24,876,196 Shares being repurchased by the Company during the period from the date of passing of the relevant resolution to the next annual general meeting of the Company or the date upon which the Repurchase Mandate is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company, whichever occurs first.

### **(c) Reason for repurchase**

The Directors believe that it is in the interests of the Company and the Shareholders to have a general authority from the Shareholders to enable the Directors to repurchase securities of the Company on the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets and/or its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

### **(d) Funding of repurchase**

The Directors propose that repurchases of Shares under the Repurchase Mandate in these circumstances would be financed from the Company's internal resources or existing banking facilities which will be funds legally available for such purposes in accordance with the Memorandum of Association and Bye-law and the laws of Bermuda. Under Bermuda law, repurchases may only be effected out of the capital paid up on the purchased Shares or out of funds of the Company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of Shares made for the purpose. Any premium payable on a purchase over the par value of the Shares to be purchased must be provided for out of funds of the Company otherwise available for dividend or distribution or out of the Company's share premium account before the Shares are repurchased.

As compared with the financial position of the Company as at 31 March 2006 (being date of its latest audited accounts), the Directors consider that there would not be a material adverse impact on the working capital or gearing position of the Company if the Repurchase Mandate is to be exercised in full during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital or the gearing level (as compared with the position disclosed in its most recent published audited accounts) which in the opinion of the Directors are from time to time appropriate for the Company.

**(e) Connected parties**

None of the Directors nor, to the best knowledge of the Directors having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) has any present intention to sell Shares to the Company if the Repurchase Mandate is approved by the Shareholders.

As at the Latest Practicable Date, no connected person (as defined in the Listing Rules) has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to do so, if the Repurchase Mandate is approved by the Shareholders.

**(f) Undertaking by Directors**

The Directors have undertaken to the Stock Exchange that they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Bermuda.

**(g) Takeovers Code**

If as a result of a repurchase of Shares a Shareholder's proportionate interest in the voting rights of the repurchasing company increases, such increase will be treated as an acquisition of voting rights for the purpose of the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"). As a result, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of the Shareholder's interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeover Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, Orient Day Developments Limited, being the only substantial shareholder of the Company, held 141,805,800 Shares representing approximately 57% of the issued share capital of the Company. In the event that the Directors exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the resolution, the shareholding of Orient Day Developments Limited in the Company would be increased to approximately 63% of the issued share capital of the Company and such an increase would not give rise to an obligation to make a mandatory offer under Rules 26 and 32 of the Takeover Code. The Company will not repurchase Shares if that repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the Company's issued share capital.

## 2. SHARE PURCHASE MADE BY THE COMPANY

From January 2006 to the Latest Practicable Date, which is the previous six months preceding the date of this circular, no Shares have been repurchased by the Company.

## 3. SHARE PRICES

During each of the previous twelve months, the highest and lowest prices at which the Shares have been traded on the Stock Exchange were as follows:

Month	Per Share	
	Highest (HK\$)	Lowest (HK\$)
<b>2005</b>		
July	3.300	2.150
August	3.800	2.300
September	4.050	2.950
October	3.050	2.150
November	2.650	2.200
December	2.450	1.700
<b>2006</b>		
January	2.250	1.750
February	2.000	1.200
March	4.400	1.950
April	4.250	2.500
May	3.800	2.900
June	4.050	3.200
July (up to the Latest Practicable Date)	4.350	3.620

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# NOTICE OF ANNUAL GENERAL MEETING

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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)**

**NOTICE IS HEREBY GIVEN THAT** the annual general meeting of China Merchants DiChain (Asia) Limited (the “Company”) will be held at Unit 3611, 36/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong, on 30 August 2006, Wednesday at 10:00 a.m. for the following purposes:

1. To receive and consider the audited consolidated financial statements and the reports of the directors and auditors’ for the year ended 31 March 2006.
2. To re-elect retiring Directors (whose particulars are stated in this circular and to authorize the board of directors to fix the directors’ remuneration.
3. To appoint CCIF CPA Limited as auditors and to authorize the board of directors to fix the remuneration of the auditors.

As special business, to consider and if thought fit, pass with or without modifications, the following resolution as an ordinary resolution of the Company:

### ORDINARY RESOLUTIONS

4. (A) **“THAT**
  - (a) subject to paragraph (c) below, the exercise by the directors of the Company (the “**Directors**”) during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such powers be and is hereby generally and unconditionally approved;
  - (b) the approval in paragraph (a) above shall be in addition to any other authorization given to the Directors and shall authorize the Directors during the Relevant Period to make or grant offers, agreements and options which (including warrants, bonds and debentures convertible into shares of the Company) would or might require the exercise of such powers after the end of the Relevant Period;

\* For identification purpose only

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## NOTICE OF ANNUAL GENERAL MEETING

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- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraphs (a) and (b), otherwise than pursuant to (i) a Rights Issue (as defined below); (ii) an issue of shares under any options granted under the share option scheme adopted by the Company; (iii) an issue of shares upon the exercise of subscription rights attached to the warrants which might be issued by the Company; (iv) an issue of shares in lieu of the whole or part of a dividend pursuant to any scrip dividend scheme or similar arrangement in accordance with the Bye-laws of the Company; and (v) any adjustment, after the date of grant or issue of any options, rights to subscribe for other securities referred to in (ii) and (iii) above, in the price at which shares in the Company shall be subscribed, and/or in the number of shares in the Company which shall be subscribed, on exercise of relevant rights under such options, warrants or other securities, such adjustment being made in accordance with, or as contemplated by, the terms of such options, rights to subscribe or other securities, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the time of passing this resolution; and
- (d) for the purposes of this Resolution:

“**Relevant Period**” means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-law of the Company or any applicable law to be held; and
- (iii) the date of which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

“**Rights Issue**” means an offer of shares or other securities of the Company open for a period fixed by the Directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory outside the Hong Kong Special Administrative Region of the People’s Republic of China).



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## NOTICE OF ANNUAL GENERAL MEETING

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(B) **“THAT**

- (a) subject to paragraph (b) of this Resolution, the exercise by the Directors during the Relevant Period (as defined below) of all powers of the Company to repurchase shares of the Company, subject to and in accordance with all applicable laws and requirements, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the shares of the Company which may be purchased pursuant to the approval in paragraph (a) of this Resolution shall not exceed 10% of the aggregate nominal amount of the share capital of the Company as at the date of passing of this Resolution and the said approval shall be limited accordingly; and
- (c) for the purposes of this resolution:

**“Relevant Period”** means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable law to be held; and
- (iii) the date which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”

- (C) **“THAT** conditional upon Resolutions A and B set out above being passed, the aggregate nominal amount of the shares of the Company which are repurchased by the Company under the authority granted to the Directors as mentioned in Resolution B above shall be added to the aggregate nominal amount of the share capital of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to the Resolution A above provided that such amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this Resolution.”

By Order of the Board  
**China Merchant DiChain (Asia) Limited**  
**Wong Kwan**  
*Chairman*

Hong Kong, 2 August 2006

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## NOTICE OF ANNUAL GENERAL MEETING

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*As at the date of this notice, the executive directors of the Company are Messrs. Wong Kwan, Lin Xizhong, Chan Yiu Keung, Cheung Kwok Yu, Zhou Li Yang and Zheng Yingsheng; the non-executive director of the Company is Dr. Robert Fung Hing Piu; and the independent non-executive directors of the Company are Messrs. Anwar Ibrahim, Lee G. Lam and Victor Yang.*

*Notes:*

1. Any shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a shareholder of the Company.
2. In order to be valid, a form of proxy in the prescribed form together with the power of attorney or other authority (if any) under which it is signed must be deposited at the Company's Hong Kong branch share registrar, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney or other person duly authorized.
4. Delivery of the form of proxy will not preclude a member from attending and voting in person at the meeting convened and in such event, the form of proxy shall be deemed to be revoked.
5. Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, then one of the said persons so present being the most, or as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holder stand on the register in respect of the relevant joint holding.
6. The enclosed form of proxy must be signed by the appointor or by his attorney authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of an office, attorney or other person duly authorized to sign the same.