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

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

**If you have sold or transferred** all your shares in BALtrans Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or 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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*Symbol of Quality Logistics Services*

***BALtrans Holdings Limited***

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 562)**

**PROPOSED GRANT OF AN OPTION TO DIRECTOR  
AND  
PROPOSED AMENDMENT TO THE BYE-LAWS**

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A notice convening a special general meeting of the Company to be held at 10:00 a.m. on Tuesday, 15 August 2006 at The Garden Rooms, 2nd Floor, The Royal Garden, 69 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong is set out on pages 8 to 9 of this circular. A form of proxy for use at the Special General Meeting is also enclosed. Such form of proxy is also published on the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)).

Whether or not you are able to attend the Special General Meeting, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch registrar of BALtrans Holdings Limited in Hong Kong, Abacus Share Registrars Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the Special General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders of the Company from attending and voting in person at the meeting or any adjournment thereof if they so wish.

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## DEFINITIONS

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*Unless the context otherwise requires, the following terms and expressions used in this circular shall have the following meanings:*

“associate”	has the meaning given to this term in the Listing Rules
“Board”	the board of Directors
“Bye-Laws”	the bye-laws of the Company (as amended from time to time)
“Company”	BALtrans Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Directors”	the directors, including independent non-executive directors, of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board comprising the three independent non-executive Directors, Mr. Yu Hon To David, Ms. Lau Kin Yee Miriam and Mr. Ng Cheung Shing
“Latest Practicable Date”	21 July 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. von Sydow”	Mr. Henrik August von Sydow, a Director and chief executive of the Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Option Scheme”	the share option scheme approved by Shareholders and adopted by the Company on 28 December 2001
“Shareholders”	holders of the Shares

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## DEFINITIONS

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“Shares”	ordinary shares of HK\$0.10 each in the issued share capital of the Company
“Special General Meeting”	the special general meeting of the Company to be held on 15 August 2006 and convened pursuant to the notice contained in this circular
“Specified Limit”	the maximum entitlement of an eligible person under the Share Option Scheme stipulated in the Note to Rule 17.03(4) of the Listing Rules, namely, that the aggregate number of Shares issued and to be issued upon exercise of the options granted to such eligible person (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent



Symbol of Quality Logistics Services

## **BALtrans Holdings Limited**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 562)**

*Executive Directors:*

Lau Siu Wing Anthony (*Executive Chairman*)

Henrik August von Sydow (*Chief Executive*)

Ng Hooi Chong

Tetsu Toyofuku

*Registered Office:*

Clarendon House

Church Street

Hamilton HM 11

Bermuda

*Non-executive Directors:*

Wai Chung Hung David

William Hugh Purton Bird

Christopher John David Clarke

*Principal Place of*

*Business in Hong Kong:*

8th Floor, Tower A

New Mandarin Plaza

14 Science Museum Road

Tsim Sha Tsui East

Kowloon

Hong Kong

*Independent Non-executive Directors:*

Yu Hon To David

Lau Kin Yee Miriam

Ng Cheung Shing

24 July 2006

*To the Shareholders*

Dear Sir/Madam,

### **PROPOSED GRANT OF AN OPTION TO DIRECTOR AND PROPOSED AMENDMENT TO THE BYE-LAWS**

#### **INTRODUCTION**

The Board proposes to seek the approval of the Shareholders to approve the proposed grant, which was determined by the remuneration committee of the Board and the Independent Board Committee on 5 July 2006, of an option beyond the Specified Limit to Mr. von Sydow, a Director and chief executive of the Company, as an incentive for him to contribute to the development and growth of the Group. At the same time, the Board proposes to seek the approval of Shareholders with respect to an amendment to the Bye-Laws.

The purpose of this circular is to provide the Shareholders with information relevant to the grant of an option to Mr. von Sydow and the proposed amendment to the Bye-Laws. This

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## LETTER FROM THE CHAIRMAN

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circular also sets out a notice of the Special General Meeting to be convened to consider and, if thought fit, to pass resolutions to approve the proposed grant of an option to Mr. von Sydow under the Share Option Scheme beyond the Specified Limit and the amendment to the Bye-Laws.

### PROPOSED GRANT OF AN OPTION TO MR. HENRIK AUGUST VON SYDOW

The Board proposes to seek the approval of the Shareholders to approve the proposed grant, which was determined by the remuneration committee of the Board and the Independent Board Committee on 5 July 2006, of an option beyond the Specified Limit to Mr. von Sydow, a Director and chief executive of the Company, as an incentive for him to contribute to the development and growth of the Group.

As at the Latest Practicable Date, there are a total of 309,774,319 Shares in the issued share capital of the Company. It has been determined by the remuneration committee of the Board and the Independent Board Committee that, subject to obtaining the approval of the Shareholders, an option be granted to Mr. von Sydow entitling him to subscribe for an aggregate number of 4,000,000 Shares (representing 1.3% of the Shares in issue as at the Latest Practicable Date and exceeding the Specified Limit of 3,097,743 Shares by 902,257 Shares) at an exercise price of HK\$5.4 per Share. The exercise price is the highest of the closing price of the Shares on 5 July 2006, being HK\$5.4, and the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding 5 July 2006, being HK\$5.29, as calculated in accordance with Note 1 to Rule 17.03(9) of the Listing Rules. There is no performance target which must be achieved before the option conditionally granted to Mr. von Sydow can be exercised. The principal terms of the option conditionally granted to Mr. von Sydow are as follows:

<b>Exercise period</b>	<b>No. of Shares in respect of which the options can be exercised</b>	<b>Exercise price per Share</b>
From the second anniversary of the date of the grant is approved by the Shareholders to 4 July 2016	1,000,000	HK\$5.4
From the third anniversary of the date of the grant is approved by the Shareholders to 4 July 2016	2,000,000	HK\$5.4
From the fourth anniversary of the date of the grant is approved by the Shareholders to 4 July 2016	3,000,000	HK\$5.4
From the fifth anniversary of the date of the grant is approved by the Shareholders to 4 July 2016	4,000,000	HK\$5.4

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## LETTER FROM THE CHAIRMAN

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Except as otherwise stated above, the option conditionally granted to Mr. von Sydow will be subject to the terms of the Share Option Scheme. The rules of the Share Option Scheme is available for inspection at the principal place of business of the Company in Hong Kong at 8th Floor, Tower A, New Mandarin Plaza, 14 Science Museum Road, Tsim Sha Tsui East, Kowloon, Hong Kong during normal business hours on any week day (except public holidays) from 24 July 2006 up to and including 15 August 2006 and will also be available for inspection at the Special General Meeting.

No option has previously been granted to Mr. von Sydow under the Share Option Scheme.

After the renewal of the general mandate limit of the Share Option Scheme as set out in the Company's circular dated 28 November 2005, the maximum number of Shares which may be issued by the Company upon exercise of all options granted and to be granted under the Share Option Scheme is 30,350,050 Shares. As at the Latest Practicable Date, options (including the grant of the proposed option) to subscribe for a total of 28,300,000 Shares have been granted under the Share Option Scheme of which 4,900,000 Shares have been exercised. After the grant of the proposed options, further options including (i) unissued; (ii) issued but cancelled or lapsed and available for reissuance to subscribe for 4,850,050 Shares is available to be granted under the Share Option Scheme.

### **PROPOSED AMENDMENT TO THE BYE-LAWS**

The Directors propose to amend the Bye-Laws so as to align Bye-Law 86(2) with the Code of Corporate Governance Practices (the "Code"). The effect of the amendment is that any director appointed by the Board to fill a casual vacancy shall hold office until the next following general meeting (instead of the next annual general meeting) of the Company and shall then be eligible for re-election in accordance with the Bye-Laws, as required under the Code.

### **SPECIAL GENERAL MEETING**

A notice convening the Special General Meeting at which resolutions will be proposed to the Shareholders to consider, and if thought fit, to approve the proposed grant of an option to Mr. von Sydow and the proposed amendment to the Bye-Laws and all matters relating thereto described in this circular is set out on pages 8 to 9 of this circular.

A form of proxy for use at the Special General Meeting is also enclosed. Such form of proxy is also published on the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)). Whether or not you are able to attend the Special General Meeting, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar in Hong Kong, Abacus Share Registrars Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the Special General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the meeting or any adjournment thereof if they so wish.

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## LETTER FROM THE CHAIRMAN

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Mr. von Sydow and his associates together holding 140,000 Shares representing 0.05% of the issued share capital of the Company shall abstain from voting in respect of the resolution at the Special General Meeting to approve the proposed grant of an option to Mr. von Sydow which exceeds the Specified Limit. In accordance with the requirements of the Listing Rules, the vote to be taken at the Special General Meeting to approve the proposed grant of an option to Mr. von Sydow shall be conducted by poll.

An announcement will be made by the Company following the conclusion of the Special General Meeting to inform Shareholders of the results of the Special General Meeting.

### **RESPONSIBILITY STATEMENT**

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular the omission of which would make any statement in this circular misleading.

### **RECOMMENDATION**

The Directors are of the opinion that the grant of an option to Mr. von Sydow which exceeds the Specified Limit and the proposed amendment to the Bye-Laws are fair and reasonable and in the interests of the Company and of the Shareholders as a whole. Accordingly, the Directors recommend you to vote in favour of the resolutions set out in the notice of the Special General Meeting contained in this circular.

Your attention is drawn to the “Letter from the Independent Board Committee” set out on page 7 of this circular, which sets out the recommendation by the Independent Board Committee to the Shareholders as to voting in relation to the resolution to be proposed at the Special General Meeting for the approval of the proposed grant of an option to Mr. von Sydow.

Yours faithfully,  
on behalf of the Board  
**Lau Siu Wing Anthony**  
*Executive Chairman*





*Symbol of Quality Logistics Services*

## **BALtrans Holdings Limited**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 562)**

24 July 2006

*To the Shareholders*

Dear Sir/Madam,

### **PROPOSED GRANT OF AN OPTION TO MR. HENRIK AUGUST VON SYDOW**

We refer to the circular of the Company dated 24 July 2006 to the Shareholders (the “Circular”) of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

This letter sets out our recommendation to the Shareholders as to voting in relation to the resolution to be proposed at the Special General Meeting for the approval of the proposed grant of an option beyond the Specified Limit to Mr. Henrik August von Sydow under the Share Option Scheme (the “Proposed Grant”). Details of the terms of the Proposed Grant are contained in the letter from the Chairman set out on pages 3 to 6 of the Circular.

Having considered the terms of the Proposed Grant, we consider such terms to be fair and reasonable. We also consider the Proposed Grant to be in the interest of the Company and of the Shareholders as a whole, and accordingly, we recommend the Shareholders to vote in favour of the resolution to be proposed at the Special General Meeting to approve the Proposed Grant.

Yours faithfully,

the Independent Board Committee

**Yu Hon To David**

**Ng Cheung Shing**

**Lau Kin Yee Miriam**

*Independent Non-executive Directors*



*Symbol of Quality Logistics Services*

## **BALtrans Holdings Limited**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 562)**

**NOTICE IS HEREBY GIVEN** that a special general meeting of the Company will be held at 10:00 a.m. on Tuesday, 15 August 2006 at The Garden Rooms, 2nd Floor, The Royal Garden, 69 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong for the purposes of considering and, if thought fit, passing the following resolutions:

### **ORDINARY RESOLUTION**

1. **“THAT** the grant of an option to Mr. Henrik August von Sydow, a Director and chief executive of the Company, pursuant to the share option scheme of the Company adopted on 28 December 2001 which would entitle him, upon full exercise thereof, to subscribe for an aggregate number of 4,000,000 Shares, a copy of which has been produced to the Meeting and marked “A” and signed by the Chairman of the Meeting for the purpose of identification, be and is hereby approved and the board of directors of the Company (or an appointed committee thereof) be and is hereby authorised to do all such acts as may be necessary or expedient in order to give full effect to such grant of an option.”

### **SPECIAL RESOLUTION**

2. **“THAT** the Bye-Laws of the Company be and are hereby amended by deleting the second sentence of the existing Bye-Law 86(2) and replacing therewith the following:

“Any director so appointed by the Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that meeting but shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation at such meeting if such meeting is an annual general meeting.”

By Order of the Board  
**Ng Hooi Chong**  
*Executive Director*

Hong Kong, 24 July 2006

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## NOTICE OF SPECIAL GENERAL MEETING

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*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Head Office and Principal Place of Business in Hong Kong:*

8th Floor, Tower A  
New Mandarin Plaza  
14 Science Museum Road  
Tsim Sha Tsui East  
Kowloon  
Hong Kong

*Notes:*

1. A form of proxy for use at the meeting is being dispatched to the shareholders of the Company together with a copy of this notice.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person authorised to sign the same.
3. Any member entitled to attend and vote at the meeting convened by the above notice shall be entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
4. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, must be deposited at the Company's Share Registrar in Hong Kong, Abacus Share Registrars Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
5. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the meeting convened or any adjourned meeting and in such event, the form of proxy shall be deemed to be revoked.
6. Where there are joint holders of any Share, any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the meeting, the most senior shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the names stand on the register of members of the Company in respect of the joint holding.
7. MR. HENRIK AUGUST VON SYDOW AND HIS ASSOCIATES (AS DEFINED IN THE CIRCULAR) SHALL ABSTAIN FROM VOTING IN RELATION TO THE ORDINARY RESOLUTION AS SET OUT IN THIS NOTICE AT THE MEETING CONVENED BY THE ABOVE NOTICE.