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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 or as to the action to be taken, 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 BALtrans Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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**BALtrans  
Holdings Limited**

*(Incorporated in Bermuda with limited liability)*

*(Stock Code: 562)*

**DISCLOSEABLE TRANSACTION**

**PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL  
OF GOTHENBURG SHIPPING LOGISTICS AB**

**Financial adviser to BALtrans Holdings Limited**



**Quam Capital Limited**

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## DEFINITIONS

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

“Acquisition”	acquisition of the Sale Shares by the Purchaser
“Agreement”	the agreement dated 14 July 2006 entered between the Purchaser and the Vendors in respect of the Acquisition
“BNF”	Benny Nystorm Forvaltnings AB, a company wholly owned by Mr. Benny Nystorm and incorporated in Sweden. It held 40% of the issued share capital of GAL as at the Latest Practicable Date. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, BNF and its ultimate beneficial owner are independent of and not connected with the Company or its connected persons
“Board”	the board of Directors
“Business Day”	a day on which licensed banks in Sweden are generally open for business on normal business hours
“Company”	BALtrans Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on main board of the Stock Exchange
“Completion”	completion of the Acquisition
“Consideration”	consideration of the Acquisition
“Consideration Adjustments”	adjustments to the Consideration, details of which are set out in the section headed “Consideration Adjustments” in the Letter from the Board in this circular
“Directors”	directors of the Company
“Financial Accounts”	the audited balance sheet, audited profit and loss account of Gothenburg, GAL and SAL, the consolidated balance sheet and the consolidated profit and loss account of the Gothenburg Group, the management report and statements from the auditors of Gothenburg, GAL and SAL for the financial year ending 31 August 2006

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## DEFINITIONS

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“GAL”	Gothenburg Air Logistics AB, a company incorporated in Sweden, and a direct wholly owned subsidiary of Gothenburg upon Completion
“Gothenburg”	Gothenburg Shipping Logistics AB, a company incorporated in Sweden and is owned as to 92.5% by Richard Falk Forvaltnings AB and 7.5% by Dai-Ichi AB
“Gothenburg Group”	Gothenburg, GAL and SAL
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Interest Bearing Debt”	the interest bearing liabilities, such as loans, finance leases, overdrafts, other financial indebtedness and income tax payable including an estimate of full income tax payable incurred for the financial year ending 31 August 2006 less preliminary income tax payment
“Latest Practicable Date”	4 August 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Net Cash”	the total consolidated cash and bank less Interest Bearing Debt of the Gothenburg Group as of 31 August 2006 in the Financial Accounts
“Purchaser”	BALtrans Logistics Sweden AB, a company incorporated in Sweden and a wholly owned subsidiary of the Company
“SAL”	Stockholm Air Logistics AB, a company incorporated in Sweden, and an indirect wholly owned subsidiary of Gothenburg upon Completion
“Sale Shares”	the entire issued share capital of Gothenburg
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

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## DEFINITIONS

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“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US”	United States
“US\$”	United States dollar(s), the lawful currency of the United States
“Vendors”	Richard Falk Forvaltnings AB, a company wholly owned by Mr. Richard Falk and Dai-Ichi AB, a company wholly owned by Mr. Johnny Olsson. Both of the companies are incorporated in Sweden
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“SEK”	Swedish Krona, the lawful currency of Sweden, and the exchange rate for SEK into HK\$ for the purpose of this circular is SEK0.93=HK\$1.00
“%”	per cent

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## LETTER FROM THE BOARD

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### **BALtrans Holdings Limited**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 562)**

*Executive Directors:*

Mr. Lau Siu Wing Anthony  
Mr. Henrik August von Sydow  
Mr. Ng Hooi Chong  
Mr. Tetsu Toyofuku

*Registered Office:*

Clarendon House  
Church Street  
Hamilton HM11  
Bermuda

*Non-executive Directors:*

Mr. William Hugh Purton Bird  
Mr. Christopher John David Clarke  
Mr. Wai Chung Hung David

*Principal Place of Business:*

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

*Independent Non-executive Directors:*

Mr. Yu Hon To David  
Ms. Lau Kin Yee Miriam  
Mr. Ng Cheung Shing

7 August 2006

*To the Shareholders*

Dear Sir or Madam,

### **DISCLOSEABLE TRANSACTION**

#### **PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF GOTHENBURG SHIPPING LOGISTICS AB**

#### **INTRODUCTION**

It was announced on 18 July 2006 that, the Purchaser, a wholly owned subsidiary of the Company, and the Vendors entered into the Agreement pursuant to which the Purchaser agreed to acquire from the Vendors the Sale Shares, representing the entire issued share capital of Gothenburg, at an aggregate consideration of not more than SEK153,440,000 (approximately HK\$164,989,247).

The Acquisition constitutes a “discloseable transaction” for the Company under the Listing Rules.

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## LETTER FROM THE BOARD

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### THE AGREEMENT

#### Date

14 July 2006

#### Parties

Purchaser: the Purchaser

Vendors: Richard Falk Forvaltnings AB, a company wholly owned by Mr. Richard Falk and incorporated in Sweden. It is a holding company set up for the purpose of holding a 92.5% of the issued share capital of Gothenburg; and

Dai-Ichi AB, a company wholly owned by Mr. Johnny Olsson and incorporated in Sweden. It is a holding company set up for the purpose of holding a 7.5% of the issued share capital of Gothenburg.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendors and their respective ultimate beneficial owners are independent of and not connected with the Company or its connected persons.

#### Assets to be acquired

Pursuant to the Agreement, the Purchaser agreed to acquire and the Vendors agreed to sell the Sale Shares.

The Vendors own the entire issued share capital of Gothenburg of which Richard Falk Forvaltnings AB owns 55,500 shares, representing 92.5% of the issued share capital of Gothenburg and Dai-Ichi AB owns 4,500 shares, representing 7.5% of the issued share capital of Gothenburg.

Upon Completion, the Purchaser will own the entire issued share capital of Gothenburg. Accordingly, the Company's indirect interest in Gothenburg will be accounted for as an interest in a subsidiary in its financial statements. Details of the Gothenburg Group are set out in the section headed "Information on the Gothenburg Group" below.

#### Consideration and payment terms

The Consideration for the Sale Shares shall be not more than SEK153,440,000 (approximately HK\$164,989,247). The Consideration will be paid in instalments as follows:

- (i) the first payment shall be SEK106,800,000 (approximately HK\$114,838,710) and payable by the Purchaser upon Completion. Of this amount, SEK89,981,040 (approximately HK\$96,753,807) shall be paid to Richard Falk Forvaltnings AB, SEK7,295,760 (approximately HK\$7,844,903) shall be paid to Dai-Ichi AB and SEK9,523,200 (approximately HK\$10,240,000) shall be paid to BNF, for its 40% equity interest in GAL which will be sold to Gothenburg before Completion, as assigned by Gothenburg;

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## LETTER FROM THE BOARD

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- (ii) the second payment shall be SEK26,640,000 (approximately HK\$28,645,161), subject to the Consideration Adjustments, and payable by the Purchaser within 30 days upon release of the Financial Accounts. It shall be paid to the Vendors pro rata according to their shareholding in Gothenburg. The apportionment of the second payment between Gothenburg and GAL shall be SEK20,698,705 (approximately HK\$22,256,672) (the “Gothenburg Second Payment”) and SEK5,941,295 (approximately HK\$6,388,489) (the “GAL Second Payment”) respectively; and
- (iii) the third payment, being an amount corresponding to the Net Cash of a maximum amount of SEK20,000,000 (approximately HK\$21,505,376), shall be paid to the Vendors pro rata to their shareholding in Gothenburg, and payable by the Purchaser within 30 days upon release of the statement of the Net Cash.

The Consideration will be financed by internal resources of the Group. As at the Latest Practicable Date, none of the above instalments was due and being paid.

### **Consideration Adjustments**

Upon receipt of the Financial Accounts and the statement of Net Cash by the Purchaser, in any case not later than 1 December 2006, the Consideration shall be adjusted based on the net profit after taxation as set out in the respective audited accounts of Gothenburg, GAL and SAL for the financial year ending 31 August 2006. Details of terms of the Consideration Adjustments are as follows:

#### ***The Gothenburg Second Payment***

The Gothenburg Second Payment shall be SEK20,698,705 (approximately HK\$22,256,672) as adjusted for the following items (the “Gothenburg Adjusted Net Profit”):

- (i) the estimate of annual pension costs for the financial year ending 31 August 2006 for Gothenburg of SEK249,000 (approximately HK\$267,742) as estimated by the reporting accountants of Gothenburg and being mutually agreed;
- (ii) all dividend income received and included in the audited accounts of Gothenburg for the financial year ending 31 August 2006;
- (iii) all profits from disposal of investment securities included in the audited accounts of Gothenburg for the financial year ending 31 August 2006;
- (iv) all interest income/finance income or other income of a non-recurring nature included in the audited accounts of Gothenburg for the financial year ending 31 August 2006; and
- (v) any charges between Gothenburg and GAL relating to the financial year ended 31 August 2005 but which are booked in the audited accounts for the financial year ending 31 August 2006.



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## LETTER FROM THE BOARD

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The Gothenburg Second Payment varies with the Gothenburg Adjusted Net Profit as follows:

<b>The Gothenburg Adjusted Net Profit</b>	<b>The Gothenburg Second Payment</b>
Equal to (or exceeds) SEK8,640,000 (approximately HK\$9,290,323)	SEK20,698,705 (approximately HK\$22,256,672)
Between SEK6,912,000 (approximately HK\$7,432,258) and SEK8,640,000 (approximately HK\$9,290,323)	Pro rated accordingly as between nil and SEK20,698,705 (approximately HK\$22,256,672)
Less than (or equal to) SEK6,912,000 (approximately HK\$7,432,258)	Nil

### *The GAL Second Payment*

The GAL Second Payment shall be SEK5,941,295 (approximately HK\$6,388,489) as adjusted for the following items (the “GAL Adjusted Net Profit”):

- (i) the estimate of annual pension costs for the financial year ending 31 August 2006 for GAL of SEK118,000 (approximately HK\$126,882) as estimated by the reporting accountants of Gothenburg and being mutually agreed;
- (ii) all dividend income received and included in the audited accounts of GAL for the financial year ending 31 August 2006;
- (iii) all profits from disposal of investment securities included in the audited accounts of GAL for the financial year ending 31 August 2006;
- (iv) all interest income/finance income or other income of a non-recurring nature included in the audited accounts of GAL for the financial year ending 31 August 2006; and
- (v) any charges between Gothenburg and GAL relating to the financial year ended 31 August 2005 but which are booked in the audited accounts for the financial year ending 31 August 2006.

The GAL Second Payment varies with the GAL Adjusted Net Profit as follows:

<b>The GAL Adjusted Net Profit</b>	<b>The GAL Second Payment</b>
Equal to (or exceeds) SEK2,480,000 (approximately HK\$2,666,667)	SEK5,941,295 (approximately HK\$6,388,489)
Between SEK1,984,000 (approximately HK\$2,133,333) and SEK2,480,000 (approximately HK\$2,666,667)	Pro rated accordingly as between nil and SEK5,941,295 (approximately HK\$6,388,489)
Less than (or equal to) SEK1,984,000 (approximately HK\$2,133,333)	Nil

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## LETTER FROM THE BOARD

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### Conditions of the Agreement

Completion is subject to the fulfilment of the following conditions:

#### *Conditions precedent to the Purchaser's obligations*

The obligations of the Purchaser to proceed to Completion shall be subject to:

- (i) that certain warranties of the Vendors shall be true and correct at and as of the date of Completion as if made at and as of such date and the Vendors shall have complied with certain covenants set out in the Agreement on or prior to the date of Completion;
- (ii) if required under the Listing Rules, the passing of the relevant resolution by the Shareholders who are permitted under the Listing Rules or the Stock Exchange and other regulatory authorities to vote at the extraordinary general meeting of the Company or any resolution approving the Acquisition contemplated in the Agreement;
- (iii) Gothenburg having sold for cash at net book value and completed all transactions regarding all of its shares, assets, obligations and interest in relation to Oslo Shipping Logistics AS, Aarhus Shipping Logistics AS, Copenhagen Air Logistics AS and Gothenburg Road Logistics AB and that there are no outstanding liabilities whatsoever with regard to these companies;
- (iv) Gothenburg having acquired and completed the transaction regarding all shares owned by BNF in GAL, representing a 40% interest in the issued share capital of GAL;
- (v) Mr. Richard Falk having entered into the employment contract as set forth in the Agreement. The employment contract relates to Mr. Richard Falk continuing role as the managing director of Gothenburg; and
- (vi) the Vendors having procured a bank guarantee of SEK20,000,000 (approximately HK\$21,505,376), in accordance with the principles set out in the Agreement, such bank guarantee shall be valid one and a half years from the date of Completion in order to cover any claim made by the Purchaser against the Vendors in respect of a loss as defined in the Agreement. The Vendors and the Purchaser have agreed that they shall split the cost for such bank guarantee so that each the Vendors and the Purchaser is responsible to pay 50% of the cost, whereas the total cost shall not exceed SEK400,000 (approximately HK\$430,108).

All of the above conditions can be waived by the Purchaser.

#### *Conditions precedent to the Vendors' obligations*

The obligations of the Vendors to complete the Acquisition contemplated under the Agreement shall be subject to that the warranties and covenants of the Purchaser set out in the Agreement shall be true and correct at and as of the date of Completion.

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## LETTER FROM THE BOARD

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### Completion

Except for condition (ii) precedent to the Purchaser's obligations, none of the above conditions precedent to Completion was fulfilled as at the Latest Practicable Date. The Directors currently do not have any intention to waive any of the outstanding conditions.

Completion will take place on the third Business Day from the date on which the conditions precedent contained in the Agreement have been fulfilled or waived. This is expected to take place on or before 1 August 2006 and no later than 30 September 2006.

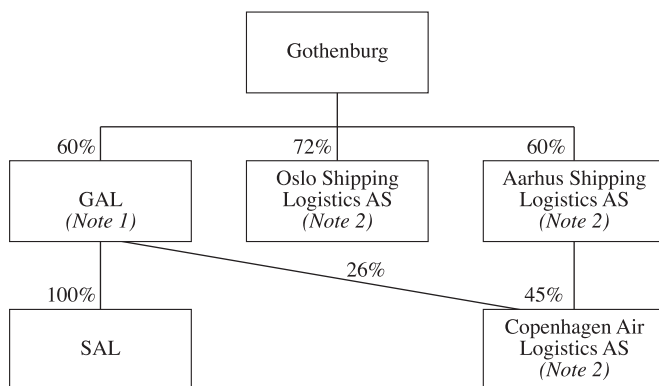
In the event that the conditions precedent to the Purchaser and the Vendors' obligations mentioned above have not been fulfilled or waived by the Purchaser or the Vendors (as the case may be) on or before 30 September 2006, the Purchaser or the Vendors shall be entitled to terminate the Agreement in writing without making any compensation.

### INFORMATION ON THE GOTHENBURG GROUP

Gothenburg is a company incorporated in Sweden. Gothenburg and also its subsidiaries are engaged in providing air transportation, customs clearance, warehousing and distribution services, both internationally and within Sweden. The Gothenburg Group is one of the major independent groups in the forwarding and transportation industry in Sweden and the Nordic region.

Set out below is the simplified existing group chart of Gothenburg and its subsidiaries and the group chart on Completion.

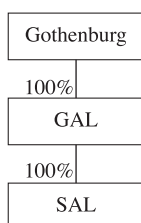
#### *Simplified existing group chart*



#### *Notes:*

1. The remaining 40% interest in GAL is held by BNF which will be acquired by Gothenburg before Completion.
2. Gothenburg or GAL (as the case may be) will sell all its existing shareholding interests in the companies at their respective net book value before Completion.

#### *Group chart on Completion*



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## LETTER FROM THE BOARD

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The financial results of Gothenburg, GAL and SAL, which have been prepared under the Swedish Financial Accounting Councils principles, are summarised below:

### *Gothenburg*

The audited net asset value of Gothenburg, being the single company level, was SEK10,903,000 (approximately HK\$11,723,656) as at 31 August 2005.

	<b>For the year ended 31 August 2005</b>	<b>For the year ended 31 August 2004</b>
Audited net profit before taxation	SEK4,636,000 (approximately HK\$4,984,946)	SEK3,466,000 (approximately HK\$3,726,882)
Audited net profit after taxation	SEK3,435,000 (approximately HK\$3,693,548)	SEK2,519,000 (approximately HK\$2,708,602)

### *GAL*

The audited net asset value of GAL was SEK916,000 (approximately HK\$984,946) as at 31 August 2005.

	<b>For the year ended 31 August 2005</b>	<b>For the year ended 31 August 2004</b>
Audited net profit before taxation	SEK89,000 (approximately HK\$95,699)	SEK18,000 (approximately HK\$19,355)
Audited net profit after taxation	SEK62,000 (approximately HK\$66,667)	SEK8,000 (approximately HK\$8,602)

### *SAL*

The audited net asset value of SAL was SEK352,000 (approximately HK\$378,495) as at 31 August 2005.

	<b>For the year ended 31 August 2005</b>	<b>For the year ended 31 August 2004</b>
Audited net profit before taxation	SEK1,000 (approximately HK\$1,075)	SEK71,000 (approximately HK\$76,344)
Audited net profit after taxation	SEK1,000 (approximately HK\$1,075)	SEK71,000 (approximately HK\$76,344)

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## LETTER FROM THE BOARD

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### REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the provision of air and sea freight forwarding services, exhibition forwarding and household removal services, third-party logistics representing trucking and warehousing services. It is the goal of the Group to expand and integrate its global network to tap into new markets. The Acquisition signifies the Group's continuing efforts to implement its expansion strategy.

The Gothenburg Group is a major player in the forwarding and transportation industry in Sweden and the Nordic region, whilst the Group currently does not have any operations in Sweden. The Gothenburg Group also has a proven track record in its freight forwarding businesses in the Nordic region which provides the Group a solid platform to expand its business in the region. With the addition of Gothenburg Group, the management believes that there are synergies in the form of additional income in the Group's Asia platform, which will serve the requirements of the customers of the Gothenburg Group in Asia, which has been outsourced to external parties prior to the Acquisition. The additional volume will also help to improve the Group's buying power at Asian origins to Northern and Western Europe. In addition, the Group's global freight forwarding network would be a good complement to the Gothenburg Group's existing business.

The Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendors by taking into account the operating results of the Gothenburg Group and the synergy effect and strategic value of the Gothenburg Group on the future development of the Group. The Directors believe that the terms of the Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

### Financial Impacts of the Acquisition

The Acquisition will enhance the earnings base of the Group. The net assets position of the Group is not expected to be affected as the excess of the purchase price over the net assets being acquired will be treated as goodwill in the consolidated balance sheet of the Group as a result of the Acquisition.

### ADDITIONAL INFORMATION

You attention is drawn to the additional information set out in the Appendix to this circular.

Yours faithfully,  
By order of the Board  
**Ng Hooi Chong**  
*Executive Director*

## 1. 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 enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Interests of the directors and chief executive of the Company

As at the Latest Practicable Date, the interests and short positions of the directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Name of Directors	Nature of interest	Number of Shares held (Long position)	Percentage of shareholding
Mr. Lau Siu Wing Anthony (Notes 1 & 2)	Trust	73,286,000 Shares	23.66%
	Personal	1,000,000 Shares	0.32%
	Personal	2,100,000 underlying Shares	0.68%
Mr. Henrik August von Sydow (Notes 3 & 4)	Personal	100,000 Shares	0.03%
	Personal	4,000,000 underlying Shares	1.29%
	Deemed Interest	40,000 Shares	0.01%
Mr. Wai Chung Hung David (Note 2)	Personal	25,654,487 Shares	8.28%
	Personal	1,500,000 underlying Shares	0.48%
Mr. William Hugh Purton Bird (Note 5)	Corporate	41,803,688 Shares	13.49%
Mr. Ng Hooi Chong (Note 2)	Personal	600,000 Shares	0.19%
	Personal	1,900,000 underlying Shares	0.61%
Mr. Christopher John David Clarke	Personal	78,000 Shares	0.03%

*Notes:*

1. 73,286,000 Shares are beneficially owned by Asian Rim Co. Ltd., which is wholly owned by brother and brother-in-law of Mr. Lau Siu Wing Anthony (“Mr. Lau”) as the trustees of a discretionary trust set up for the benefit of Mr. Lau’s family. Mr. Lau is a director of Asian Rim Co. Ltd.
2. Mr. Lau, Mr. Wai Chung Hung David and Mr. Ng Hooi Chong hold outstanding options under the share option scheme of the Company to subscribe for 1,000,000 Shares, 1,500,000 Shares and 600,000 Shares respectively at HK\$2.045 per Share for a period of 5 years from 4 May 2004 to 3 May 2009 provided that the options shall be exercisable as follows:
  - (a) up to 25% thereof from 4 May 2005;
  - (b) up to 50% thereof from 4 May 2006;
  - (c) up to 75% thereof from 4 May 2007; and
  - (d) up to 100% thereof from 4 May 2008.

Mr. Lau and Mr. Ng Hooi Chong also hold additional outstanding options under the share option scheme of the Company to subscribe for 1,600,000 Shares and 600,000 Shares respectively at HK\$2.95 per Share for a period of 5 years from 17 August 2005 to 16 August 2010 provided that the options shall be exercisable as follows:

- (a) up to 25% thereof from 17 August 2006;
- (b) up to 50% thereof from 17 August 2007;
- (c) up to 75% thereof from 17 August 2008; and
- (d) up to 100% thereof from 17 August 2009.

Mr. Ng Hooi Chong holds additional outstanding option under the share option scheme of the Company to subscribe for 700,000 Shares at HK\$4.765 per Share for a period of 5 years from 14 March 2006 provided that the option shall be exercisable as follows:

- (a) up to 25% thereof from 14 March 2007;
- (b) up to 50% thereof from 14 March 2008;
- (c) up to 75% thereof from 14 March 2009; and
- (d) up to 100% thereof from 14 March 2010.

3. Mr. Henrik August von Sydow holds outstanding option under the share option scheme of the Company to subscribe for 4,000,000 Shares at HK\$5.40 per Share for a period of 10 years from 5 July 2006 to 4 July 2016. Such option has been approved by the Board on 5 July 2006 and is now subject to Shareholders’ approval at the special general meeting of the Company to be held on 15 August 2006. Details of the option are set out in the Company’s circular to Shareholders dated 24 July 2006.
4. Mr. Vilhelm von Sydow is the minor child of Mr. Henrik August von Sydow and Mr. Henrik August von Sydow is therefore deemed to be interested in 40,000 Shares in which Mr. Vilhelm von Sydow is interested.
5. These Shares are beneficially owned by Tropical Holding Investment Inc. (“Tropical Holding”), which is wholly owned by William Hugh Purton Bird and his wife. Mr. William Hugh Purton Bird is a director of Tropical Holding.

Save as disclosed above, as at the Latest Practicable Date, none of the directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

**(b) Interests of substantial Shareholders***The Company*

As at the Latest Practicable Date, so far as was known to the directors and chief executive of the Company, the following entities or persons had, or were taken or deemed to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under Section 336 of the SFO:

<b>Name of interested party</b>	<b>Nature of interest</b>	<b>Number of Shares held (Long position)</b>	<b>Percentage of shareholding</b>
Asian Rim Co. Ltd. <i>(Note 1)</i>	Beneficial owner	73,286,000	23.66%
Mitsui & Co., Ltd.	Beneficial owner	75,875,125	24.49%
Tropical Holding Investment Inc. <i>(Note 2)</i>	Beneficial owner	41,803,688	13.49%

*Notes:*

- 73,286,000 Shares are beneficially owned by Asian Rim Co. Ltd., which is wholly owned by brother and brother-in-law of Mr. Lau as the trustees of a discretionary trust set up for the benefit of Mr. Lau's family. Mr. Lau is a director of Asian Rim Co. Ltd.
- These Shares are beneficially owned by Tropical Holding which is wholly owned by Mr. William Hugh Purton Bird and his wife. Mr. William Hugh Purton Bird is a director of Tropical Holding.

*Other members of the Group*

As at the Latest Practicable Date, so far as was known to the directors and chief executive of the Company, the following entities or persons who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

<b>Name of subsidiaries</b>	<b>Name of shareholders</b>	<b>Percentage of shareholding</b>
BALtrans (Australia) Pty. Limited	Mr. Jorg Peter Timmermann	12.5%
	Mr. Robert Ernest Norman Lipton	12.5%



Name of subsidiaries	Name of shareholders	Percentage of shareholding
BALtrans Logistics (Canada) Limited	Mr. Eugene Yip	15.0%
	Mr. Paulus Choi	15.0%
BALtrans International Moving Limited	Ms. Lai Ming Kuen	10.0%
	Mr. Pak Sau Hwa	20.0%
BALtrans Exhibition & Removal Limited	Ms. Lai Ming Kuen	15.0%
	Mr. Pak Sau Hwa	25.0%
Helu-Trans (S) Pte. Limited	Mr. Richard Chia	29.0%
BALtrans Logistics (India) Private Limited	Mr. Kapil Dutta	26.0%
Muragawa Logistics Limited	Mr. Fung Tak Fai Thomas	20.0%
BALtrans Logistics (Lanka) Pvt Limited	Mr. Randall Kelly	16.3%
Clover Cargo Holdings (Proprietary) Limited	Mr. John St. Vincent Magnus (including through Assisi Trust)	24.6%
	Mr. Geoffrey Mills Partridge (including through Osborn Trust)	13.4%
Clover Cargo International Western Cape (Proprietary) Limited	Wicht Family Trust	40.0%

Save as disclosed above, the directors and chief executive of the Company were not aware of any entities or persons who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group as at the Latest Practicable Date.

### 3. COMPETING BUSINESS

None of the Directors and their respective associates has any interest in a business which competes or is likely to compete with the business of the Group.

**4. LITIGATION**

In March 2005, certain subsidiaries of the Company in the US received a complaint filed with the United States Bankruptcy Court, alleging that those subsidiaries had collected antecedent debts (the “Transfers”) of approximately US\$1.4 million from certain US customers within 90 days preceding 21 March 2003 (the date such US customers filed voluntary petitions for reorganisation relief under Chapter 11 of the Bankruptcy Code in the US) and that the Transfers had enabled those subsidiaries to receive more than they would have received if the Transfers had not been made and those subsidiaries received payment on the antecedent debts to the extent provided by the Bankruptcy Code. The complaint seeks to void and recover the Transfers. The Company has sought legal advice on the above claim. Based on the advice from the US counsel, the exposure is likely to be significantly less than the full amount of the alleged Transfers due to the availability of a wide range of valid defences under the statute of limitations and on the merits recognised under several sections of the Bankruptcy Code as well as additional common law defences. The Company has agreed to settle the case at an amount of US\$400,000. The relevant settlement agreement had been filed and endorsed by the Court on 21 July 2006. The case will be closed when the conditions stated in the settlement agreement are all fulfilled.

Save as disclosed above, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or claim of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

**5. DIRECTORS’ SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

**6. GENERAL**

- (a) The registered office of the Company is at Clarendon House, Church Street, Hamilton HM11, Bermuda and the principal place of business of the Company in Hong Kong is at 8th Floor, Tower A, New Mandarin Plaza, 14 Science Museum Road, Tsim Sha Tsui East, Kowloon, Hong Kong.
- (b) The qualified accountant of the Company is Mr. Ng Hooi Chong who is an associate of each of The Institute of Chartered Accountants in England and Wales and The Hong Kong Institute of Certified Public Accountants.
- (c) The secretary of the Company is Ms. Chan Sau Yee who is an associate member of each of The Institute of Chartered Secretaries and Administrators in the United Kingdom and The Hong Kong Institute of Chartered Secretaries.
- (d) The share registrar and transfer office of the Company in Hong Kong is Abacus Share Registrars Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Hong Kong.
- (e) The English text of this circular shall prevail over the Chinese text.