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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 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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**BALtrans  
Holdings Limited**

*(Incorporated in Bermuda with limited liability)*

*(Stock Code: 562)*

**PROPOSALS FOR RE-ELECTION OF DIRECTORS  
GENERAL MANDATES TO ISSUE AND TO REPURCHASE SHARES  
REFRESHER OF GENERAL MANDATE LIMIT  
OF SHARE OPTION SCHEME  
CHANGE OF TERMS OF A SHARE OPTION  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the annual general meeting of BALtrans Holdings Limited to be held at Harbour Room, Mezzanine Floor, Kowloon Shangri-La Hotel, 64 Mody Road, Kowloon, Hong Kong on Thursday, 21 December 2006 at 10:00 a.m. is set out in Appendix IV to this circular. Whether or not you intend to attend the meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the branch share 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 later than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the meeting or any adjourned meeting should you so wish.

28 November 2006

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## DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company convened to be held at Harbour Room, Mezzanine Floor, Kowloon Shangri-La Hotel, 64 Mody Road, Kowloon, Hong Kong on Thursday, 21 December 2006 at 10:00 a.m., the notice of which is set out in Appendix IV to this circular or, where the context so admits, any adjournment thereof
“associates”	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 Holding Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Directors”	the 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 three independent non-executive Directors, Mr. Yu Hon To David, Ms. Lau Kin Yee Miriam and Mr. Ng Cheung Shing
“Issue Mandate”	a general mandate proposed to be granted to the Directors to exercise all the powers of the Company to allot, issue and deal with Shares in the manner as set out in the ordinary resolution no. 5I of the notice of Annual General Meeting
“Latest Practicable Date”	24 November 2006, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

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## DEFINITIONS

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“Mandate Refresher”	the proposed refresher of the general mandate limit of the Share Option Scheme
“Mr. von Sydow”	Mr. Henrik August von Sydow, a Director and the Chief Executive of the Company
“Proposals”	the proposals relating to the re-election of Directors, grant of the Issue Mandate and the Repurchase Mandate, the Mandate Refresher and the change of the terms of an option previously granted to a Director
“Repurchase Mandate”	a general mandate proposed to be granted to the Directors to exercise all the powers of the Company to repurchase Shares in the manner as set out in ordinary resolution no. 5II of the notice of Annual General Meeting
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Share Option Scheme”	the share option scheme approved by Shareholders and adopted by the Company on 28 December 2001
“Specified Limited”	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
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	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:*

Lau Siu Wing Anthony (*Executive Chairman*)

Henrik August von Sydow (*Chief Executive*)

Ng Hooi Chong

Tetsu Toyofuku

*Registered Office:*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Non-executive Directors:*

William Hugh Purton Bird

Wai Chung Hung David

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

28 November 2006

*To the Shareholders*

Dear Sir or Madam,

**PROPOSALS FOR RE-ELECTION OF DIRECTORS  
GENERAL MANDATES TO ISSUE AND TO REPURCHASE SHARES  
REFRESHER OF GENERAL MANDATE LIMIT  
OF SHARE OPTION SCHEME  
CHANGE OF TERMS OF A SHARE OPTION  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

### **INTRODUCTION**

At the Annual General Meeting, resolutions will be proposed to approve the Proposals.

The purpose of this circular is to provide you with all the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolutions in relation to the Proposals at the Annual General Meeting.

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## LETTER FROM THE BOARD

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### RE-ELECTION OF DIRECTORS

Pursuant to Bye-law 86(2) of the Bye-laws, the Board has the power from time to time and at any time to appoint any qualified person as a Director, either to fill a casual vacancy or as an addition to the existing Board. 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. Accordingly, Mr. Henrik August von Sydow and Mr. Tetsu Toyofuku who were both appointed as a Director by the Board on 5 June 2006, will retire from office pursuant to Bye-law 86(2) of the Bye-laws at the Annual General Meeting.

Furthermore, pursuant to Bye-law 87(2) of the Bye-laws, at every annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term but excluding those holding the office of Chairman and Managing Director) shall be subject to retirement by rotation at least once every three years. Every Director holding the office of Chairman and Managing Director shall be subject to re-election once every three years. Accordingly, Mr. Lau Siu Wing Anthony, Mr. Wai Chung Hung David and Mr. Christopher John David Clarke will retire from office pursuant to Bye-law 87(2) of the Bye-laws at the Annual General Meeting.

All the retiring Directors will be eligible for re-election. Mr. Henrik August von Sydow, Mr. Tetsu Toyofuku, Mr. Lau Siu Wing Anthony and Mr. Wai Chung Hung David had offered themselves for re-election, while Mr. Christopher John David Clarke would not stand for re-election at the Annual General Meeting. Details of such Directors who had offered themselves for re-election are set out in Appendix I to this circular.

### ISSUE MANDATE AND REPURCHASE MANDATE

In order to provide flexibility and discretion to the Directors to issue new Shares, an ordinary resolution will be proposed at the Annual General Meeting that the Directors be granted the Issue Mandate to allot and issue new Shares up to an amount not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing such resolution and a separate ordinary resolution will also be proposed to extend the Issue Mandate by adding thereto the nominal amount of any Shares repurchased by the Company pursuant to the Repurchase Mandate. On the Latest Practicable Date, the Company had in issue a total of 311,324,319 Shares. On the basis that no further Shares will be issued or repurchased prior to the date of the Annual General Meeting, exercise in full of the Issue Mandate would result in the issue of up to 62,264,863 Shares by the Company.

At the Annual General Meeting, an ordinary resolution will be proposed to the Shareholders that the Directors be granted the Repurchase Mandate to repurchase Shares up to a maximum of 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing such resolution. An explanatory statement as required by the Listing Rules to provide the requisite information concerning the Repurchase Mandate is set out in Appendix II to this circular.

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## LETTER FROM THE BOARD

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### MANDATE REFRESHER

On 28 December 2001, the Company adopted the Share Option Scheme under which the Company may grant options to subscribe for up to 23,905,040 Shares, being 10% of the issued share capital of the Company on such date. On 21 December 2005, the Shareholders approved the refresher of the general mandate limit of the Share Option Scheme to 10% of the issued share capital of the Company as at the date on which the resolution to approve the refresher was passed and the Directors were thereby authorised to grant further options to subscribe up to 30,350,050 Shares under the Share Option Scheme. As at the Latest Practicable Date, the Company granted options to subscribe for a total of 28,700,000 Shares, representing approximately 94.56% of the existing general mandate limit of the Share Option Scheme. The status of these options as at the Latest Practicable Date were as follows:

<b>Options</b>	<b>Outstanding</b>	<b>Exercised</b>	<b>Lapsed or surrendered</b>
Number of Underlying Shares	19,050,000	6,450,000	3,200,000

The above outstanding options under the Share Option Scheme entitle their holders to subscribe for a total of 19,050,000 Shares, representing about 6.12% of the issued share capital of the Company as at the Latest Practicable Date.

To enable the Company to grant further options to eligible persons under the Share Option Scheme, it is proposed to seek Shareholders' approval to refresh the general mandate limit of the Share Option Scheme to 10% of the issued share capital of the Company as at the date of the resolution to approve the refresher. As at the Latest Practicable Date, the Company had in issue a total of 311,324,319 Shares. On the basis that no further Shares will be issued or repurchased prior to the date of the Annual General Meeting, the Mandate Refresher will allow the Company to grant further options to subscribe up to 31,132,431 Shares under the Share Option Scheme.

Application will be made to the Listing Committee of the Stock Exchange for granting of listing of and permission to deal in the new shares of the Company which may be issued and allotted pursuant to the options granted pursuant to the Mandate Refresher.

### CHANGE OF TERMS OF A SHARE OPTION

On 15 August 2006, the Shareholders approved the grant, which had been determined conditionally by the remuneration committee of the Board and the Independent Board Committee on 5 July 2006, of an option beyond the Specified Limited to Mr. von Sydow as an incentive for him to contribute to the development and growth of the Group. Mr. von Sydow is now the holder of an option, granted under the Share Option Scheme, entitling him to subscribe for an aggregate number of 4,000,000 Shares (representing approximately 1.28% of the Shares in issue as at the Latest Practicable Date) (the "Existing Option"). Details of the grant of such option were set out in the circular of the Company dated 24 July 2006.

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## LETTER FROM THE BOARD

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With a view to align the vesting period of the options granted to Mr. von Sydow with those granted to other staff (options granted to employees are generally vested around the first anniversary with the date of grant), the Board now proposes to amend the exercise period under the Existing Option, to allow Mr. von Sydow to exercise the option earlier than as stipulated in the Existing Option and in accordance with the following schedule:

<b>Exercise period</b>	<b>Number of Shares in respect of which the option can be exercised</b>	<b>Exercise price per Share</b>
From 5 June 2007 to 4 July 2016 <i>(Position before amendment: From the second anniversary of 15 August 2006 to 4 July 2016)</i>	1,000,000	HK\$5.40
From 5 June 2008 to 4 July 2016 <i>(Position before amendment: From the third anniversary of 15 August 2006 to 4 July 2016)</i>	2,000,000	HK\$5.40
From 5 June 2009 to 4 July 2016 <i>(Position before amendment: From the fourth anniversary of 15 August 2006 to 4 July 2016)</i>	3,000,000	HK\$5.40
From 5 June 2010 to 4 July 2016 <i>(Position before amendment: From the fifth anniversary of 15 August 2006 to 4 July 2016)</i>	4,000,000	HK\$5.40

All other terms of the Existing Option will remain unchanged.

Pursuant to Note (2) to Rule 17.03(18) of the Listing Rules, any change to the terms of options granted by the Company must be approved by the Shareholders, except where the alterations take effect automatically under the existing terms of the Share Option Scheme. Accordingly, the proposed change of the exercise period of the Existing Option set out above is conditional upon obtaining the Shareholders' approval at the Annual General Meeting.

A copy of 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 28 November 2006 up to and including 21 December 2006 and will also be available for inspection at the Annual General Meeting.

No option, other than the Existing Option, has been granted to Mr. von Sydow under the Share Option Scheme.



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## LETTER FROM THE BOARD

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### ANNUAL GENERAL MEETING

Notice of the Annual General Meeting is set out in Appendix IV to this circular. The procedure for demanding a poll by Shareholders is set out in Appendix V.

A form of proxy for use at the Annual General Meeting is enclosed herein. Whether or not you intend to attend the Annual General Meeting, you are requested to complete the form of proxy and return it to the branch share registrar of the Company in Hong Kong not less than 48 hours before the time appointed for holding the meeting or the adjourned meeting (as the case may be). Completion and return of a form of proxy will not preclude you from attending and voting at the meeting and at any adjournment thereof if you so wish.

Mr. von Sydow and his associates will abstain from voting in respect of the ordinary resolution set out in the notice convening the Annual General Meeting to approve the change of terms of the Existing Option.

### 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 jointly and severally accept 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 there are no other facts the omission of which would make any statement herein misleading.

### RECOMMENDATION

The Directors believe that the Proposals are in the best interests of the Company and the Shareholders and that the proposed change of terms of the Existing Option is fair and reasonable. Accordingly, the Directors recommend all Shareholders to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

### GENERAL

Your attention is drawn to the additional information set out in the Appendices to this circular including the “Letter from the Independent Board Committee” set out in Appendix III to 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 Annual General Meeting for the proposed change of terms of the Existing Option.

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

*Particulars of Directors standing for re-election are as follows:*

***Under Bye-law 86(2)***

**Mr. Henrik August von Sydow**

Aged 54, is the Company's chief executive. Mr. von Sydow oversees the overall management of the Group. He has more than 25 years of experience in international freight forwarding and logistics business. He holds a Master of Business Administration Degree from the University of Gothenburg, Sweden. Prior to joining the Group, he was the Group CEO of an international group of logistics companies. Mr. von Sydow had served as a non-executive board member of the Company during 1992 to 2002.

As at the Latest Practicable Date, Mr. von Sydow is interested in 4,140,000 Shares (representing about 1.33% of the issued share capital of the Company as at the Latest Practicable Date) (within the meaning of Part XV of the SFO), which comprised 140,000 ordinary Shares and an option to subscribe for 4,000,000 Shares granted under the Share Option Scheme. He has not held directorships in any other listed public companies in the last 3 years. He is not connected with any directors, senior management or substantial or controlling shareholders of the Company. Save as disclosed above, he does not have any interest in any shares of the Company and/or its associated companies.

Mr. von Sydow has entered into a service contract with the Company for an initial term of two years (with an option to renew) with a basic annual salary of HK\$3,000,000 approximately. He will be subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Bye-laws. Under his service contract, he is also entitled to a yearly performance bonus of not more than 50% of his relevant annual salary and other executive benefit such as housing allowance and company car.

His level of emoluments is derived from the remuneration level for other executive assuming similar role in the logistics industry and his level of experience in the freight forwarding business.

**Mr. Tetsu Toyofuku**

Aged 47, joined the Group in 2006. Mr. Toyofuku has over 25 years of experience in logistics and freight forwarding business. He holds a Bachelor of Liberal Arts Degree in Politics from the International Christian University, Tokyo, Japan. He has been the Department General Manager in Transportation Logistics Business Unit of Mitsui & Co., Ltd. Mr. Toyofuku was nominated by Mitsui & Co., Ltd., a substantial shareholder of the Company.

Mr. Toyofuku has not entered into any service contract with the Company and is not employed for a specific term but will be subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Bye-laws. He is entitled to receive an annual salary of US\$100,000 from the Company. He is also an employee of Mitsui & Co., Ltd., a

substantial shareholder of the Company, and is seconded to Hong Kong to take up the directorship of the Company. His level of emoluments is derived from the remuneration level for senior executives with similar level of experience in other multinational companies. Save as disclosed above, he is not connected with any directors, senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Toyofuku does not hold any interest of the Company within the meaning of Part XV of the SFO. He has not held any directorships in any other listed public companies in the last 3 years.

*Under Bye-law 87(2)*

**Mr. Anthony Siu Wing Lau**

Aged 65 is a founder, and had been the Chairman and the Chief Executive of the Group since its inception in 1982. Mr. Lau relinquished his duties as the Group's Chief Executive after the appointment of Mr. Henrik August von Sydow as the Group's Chief Executive in early June 2006 when he was appointed as the Executive Chairman of the Group. He is responsible for the strategic policy, direction and planning of the Group.

Mr. Lau was the Chairman of the Hong Kong Association of Freight Forwarding Agents Ltd. (HAFFA) for the years from 1997 to 2000 and the Chairman of the Airfreight Committee of Hong Kong Shippers' Council for the years from 1998 to 2000. He was an advisory board member of Hong Kong Civil Aviation Department from 1999 to 2005; a member of the Trade Related Services/Logistics Service Advisory Committee of Hong Kong Trade Development Council from 1996 to 2005 and a member of the China Trade Committee of Hong Kong Trade Development Council from 1999 to 2005. He has served as a council member of the Hong Kong Logistics Development Council since 2000. He was awarded the Outstanding Achievement Award in the first Logistics Awards Hong Kong 2005. Under his leadership, the Company was awarded Hong Kong Logistics Awards for Enterprise, Logistics Award Hong Kong 2006. He has been appointed the Trustee of the Napier University Hong Kong Scholarship Trust since August 2006. He is currently serving as the President of the Chartered Institute of Logistics and Transport.

Mr. Lau holds a Master of Business Administration Degree from the University of East Asia, Macau (now known as the Macau University). He is a fellow member of the Institute of Directors: a fellow member of the Chartered Institute of Logistics and Transport and a fellow member of the Chartered Institute of Marketing.

As at the Latest Practicable Date, Mr. Lau is interested in 77,286,000 Shares (representing about 24.82% of the issued share capital of the Company as at the Latest Practicable Date) (within the meaning of Part XV of the SFO), which comprised 74,686,000 Shares and outstanding options to subscribe for 2,600,000 Shares granted under the Share Option Scheme. Mr. Lau has not held directorships in any other listed public companies in the last 3 years. He is not connected with any directors or senior management of the Company. He is a director of Asian Rim Company Ltd., a substantial shareholder of the Company. Save as disclosed above, Mr. Lau does not have any interest in any shares of the Company and/or its associated corporations.

Mr. Lau has entered into a service contract with the Company. He has no fixed term of services with the Company but is subject to retirement by rotation at annual general meetings of the Company pursuant to the Bye-laws. He is entitled to receive an annual salary of approximately HK\$3,000,000 plus discretionary performance bonuses.

His level of emoluments is derived from the remuneration level for comparable roles and responsibilities in Hong Kong and his level of expertise and contribution.

**Mr. David Chung Hung Wai**

Aged 59, is a co-founder of the Group together with Mr. Lau Siu Wing Anthony and Mr. William Hugh Purton Bird. Mr. Wai is a consultant to the US offices of the Group. Before his retirement in early 2005, he was the president of BALtrans Logistics Inc. and BALtrans Ocean Inc. and was responsible for the management and development of the Group's interest in the US market. He has over 40 years of experience in shipping lines, airlines and freight forwarding businesses.

As at the Latest Practicable Date, Mr. Wai is interested in 23,154,487 Shares (representing about 7.44% of the issued share capital of the Company as at the Latest Practicable Date) (within the meaning of Part XV of the SFO), which comprised 22,154,487 ordinary Shares and outstanding options to subscribe for 1,000,000 Shares granted under the Share Option Scheme. He has not held directorships in any other listed public companies in the last 3 years. He is not connected with any directors, senior management or substantial or controlling shareholders of the Company. Save as disclosed above, Mr. Wai does not have any interest in any Shares of the Company and/or its associated corporations.

Mr. Wai has entered into a consultancy service contract with the Group. He has no fixed term of services with the Company but is subject to retirement by rotation at annual general meetings of the Company pursuant to the Bye-laws. He is entitled to receive a Director's fee of HK\$360,000 per annum.

His level of emoluments is derived from the remuneration level for other executive assuming similar role in the logistics industry and his level of experience in the freight forwarding business.

Save as disclosed above, there is no other information relating to the Directors standing for re-election required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules nor are there any other matters that need to be brought to the attention of the Shareholders.

*This explanatory statement contains the information required by the Listing Rules. Its purpose is to provide Shareholders with all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the resolution approving the Repurchase Mandate.*

**(a) Share Capital**

As at the Latest Practicable Date, the issued share capital of the Company comprised 311,324,319 fully paid up Shares. Subject to the passing of the relevant ordinary resolution approving the Repurchase Mandate and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 31,132,431 Shares.

**(b) Reasons for Repurchases**

The Directors have no present intention to repurchase any Shares but consider that the Repurchase Mandate will provide the Company with the flexibility to repurchase Shares in the market when appropriate and beneficial to the Company. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets value of the Company and/or earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

**(c) Funding of Repurchases**

Pursuant to the Listing Rules, repurchases must be financed out of funds legally available for the purpose in accordance with the Company's constitutive documents and the laws of the jurisdiction in which the Company is incorporated or otherwise established.

The Company is empowered by its Memorandum of Association and Bye-laws to purchase its Shares. Bermuda law provides that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant Shares, or funds of the Company that would otherwise be available for dividend or distribution or the proceeds of a new issue of Shares made for such purpose. The amount of premium payable on repurchase may only be paid out of either the funds of the Company that would otherwise be available for dividend or distribution or out of the share premium account of the Company. Under Bermuda law, the Shares so repurchased will be treated as cancelled but the aggregate amount of authorized share capital will not be reduced.

The Directors intend to apply the capital paid up on the relevant Shares or the funds that would otherwise be available for distribution by way of dividend for any purchase of its Shares.

The Directors consider that there might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report of the Company for the year ended 31 July 2006) in the event that the Repurchase Mandate was to be exercised in full. However, no purchase would be made in circumstances that would have a material adverse impact on the working capital or gearing ratio of the Company.

**(d) Undertaking of the Directors**

The Directors have undertaken to the Stock Exchange to exercise the powers of the Company to make repurchases under the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Bermuda and in accordance with the regulations set out in its Memorandum of Association and the Bye-laws.

**(e) Directors, their associates and connected persons**

None of the Directors nor, to the best of their knowledge having made all reasonable inquiries, any of their associates has any present intention to sell Shares to the Company if the Repurchase Mandate is approved by the Shareholders.

No connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company nor have they undertaken not to do so in the event that the Repurchase Mandate is approved by the Shareholders.

**(f) Effect of Takeovers Code**

Repurchase of Shares may result in an increase in the proportionate interests of a Shareholder in the voting rights of the Company and such increase will be treated as an acquisition of voting rights for the purposes of the Takeovers Code. As a result, a Shareholder, or group of Shareholders acting in concert, depending on the level of increase of the Shareholder's interests, could obtain or consolidate control of the Company and might become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Company, Mr. Lau Siu Wing Anthony (together with his associate Asian Rim Company Ltd.), Mitsui & Co., Ltd. and Tropical Holding Investment Inc. (an associate of Mr. William Hugh Purton Bird), who held approximately 24.82%, 24.37% and 13.43% of the issued share capital of the Company respectively, were the only substantial shareholders holding more than 10% 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 shareholdings of these Shareholders in the Company would be increased to approximately 27.58%, 27.08% and 14.92% of the issued share capital of the Company respectively and such increase would not give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code.

**(g) Share Prices**

The highest and lowest market prices at which the Shares have traded on the Stock Exchange during each of the 12 months prior to and on the Latest Practicable Date were as follows:

<b>Month</b>	<b>Per Share</b>	
	<b>Highest Price</b> <i>HK\$</i>	<b>Lowest Price</b> <i>HK\$</i>
<b>2005:</b>		
November	3.700	3.200
December	4.200	3.400
<b>2006:</b>		
January	4.825	4.000
February	4.800	4.250
March	4.925	4.550
April	6.150	4.650
May	6.050	5.500
June	5.800	4.825
July	6.250	5.100
August	6.250	5.850
September	5.930	5.350
October	5.780	5.400
Latest Practicable Date	5.800	5.610

**(h) Share Repurchase made by the Company**

The Company has not repurchased any of its Shares on the Stock Exchange or otherwise during the 6 months prior to the Latest Practicable Date.



**BALtrans  
Holdings Limited**

*(Incorporated in Bermuda with limited liability)*

*(Stock Code: 562)*

28 November 2006

*To the Shareholders*

Dear Sir/Madam,

**CHANGE OF TERMS OF THE SHARE OPTION  
GRANTED TO A DIRECTOR**

We refer to the circular of the Company dated 28 November 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 Annual General Meeting for the approval of the change of terms of an option beyond the Specified Limit to Mr. Henrik August von Sydow approved by the shareholders of the Company on 15 August 2006 under the Share Option Scheme (the “Existing Option”). Details of the change of terms of the Existing Option are contained in the letter from the Board set out on pages 3 to 7 of the Circular.

Having considered the proposed change of terms of the Existing Option, we consider such change to be fair and reasonable. We also consider the proposed change of terms of the Existing Option 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 Annual General Meeting to approve the proposed change of terms of the Existing Option.

Yours faithfully,

the Independent Board Committee

**Yu Hon To David      Lau Kin Yee Miriam      Ng Cheung Shing**

*Independent Non-executive Directors*



**BALtrans  
Holdings Limited**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 562)**

**NOTICE IS HEREBY GIVEN** that the annual general meeting of **BALtrans Holdings Limited** (the “Company”) will be held at Harbour Room, Mezzanine Floor, Kowloon Shangri-La Hotel, 64 Mody Road, Kowloon, Hong Kong on Thursday, 21 December 2006 at 10:00 a.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and auditors for the year ended 31 July 2006.
2. To declare a final dividend of Hong Kong 11.8 cents per Share for the year ended 31 July 2006.
3. To re-elect directors and to authorize the board of directors to fix their remuneration.
4. To re-appoint auditors and to authorize the board of directors to fix their remuneration.
5. As special business, to consider and if thought fit, pass with or without amendment, the following resolutions as ordinary resolutions:

**ORDINARY RESOLUTIONS****I. “THAT:**

- (a) subject to paragraph (c) of this resolution, the exercise by the directors of the Company during the Relevant Period of all powers of the Company to allot shares and to make and grant offers, agreements and options which would or might require shares to be allotted be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall authorize the directors of the Company during the Relevant Period to make and grant offers, agreements and options which would or might require shares to be allotted after the end of the Relevant Period;

(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 of the Company pursuant to the approval in paragraph (a), otherwise than pursuant to a Rights Issue or a scrip dividend scheme or similar arrangement of the Company or the exercise of the subscription rights under the share option scheme of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution and the said approval shall be limited accordingly;

(d) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is 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 by the Bye-laws of the Company or any applicable law to be held; or
- (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to holders of shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory).”

**II. “THAT:**

(a) the exercise by the directors of the Company during the Relevant Period of all powers of the Company to purchase its own shares, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;

- (b) the aggregate nominal amount of shares of the Company purchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution and the said approval shall be limited accordingly; and
- (c) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is 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 by the Bye-laws of the Company or any applicable law to be held; or
- (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

III. “**THAT** conditional upon resolution nos. 5I and 5II above being passed, the aggregate nominal amount of the shares in the capital of the Company which are repurchased by the Company under the authority granted to the directors as mentioned in resolution no. 5II above shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to resolution no. 5I above.”

IV. “**THAT** the directors of the Company be and are hereby authorized to grant further options under the share option scheme of the Company adopted on 28 December 2001 (the “Scheme”) provided the aggregate nominal amount of shares which may be issued pursuant to the exercise of options to be granted under the Scheme and other share option scheme(s) of the Company on or after the date of this resolution shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of this resolution.”

- V. “**THAT** the exercise period of the option granted to Mr. Henrik August von Sydow, a director and chief executive of the Company, and approved by the shareholders of the Company on 15 August 2006, be changed as follows (with all other terms of the said option remaining unchanged):

<b>Exercise period</b>	<b>Number of Shares in respect of which the option can be exercised</b>	<b>Exercise price per Share</b>
From 5 June 2007 to 4 July 2016	1,000,000	HK\$5.40
From 5 June 2008 to 4 July 2016	2,000,000	HK\$5.40
From 5 June 2009 to 4 July 2016	3,000,000	HK\$5.40
From 5 June 2010 to 4 July 2016	4,000,000	HK\$5.40

and the directors of the Company (or an appointed committee thereof) be and is hereby authorized to do all such acts as may be necessary or expedient in order to give full effect to such change of terms of the option.

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

Hong Kong, 28 November 2006

*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 member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or, if he holds more than 2 shares, more than one proxy to attend and vote in his stead. A proxy need not be a member of the Company.
2. In order to be valid, a form of proxy must be deposited at the Company's branch share registrar in Hong Kong together with a power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, not less than 48 hours before the time for holding the meeting or adjourned meeting.
3. The register of members of the Company will be closed from 18 December 2006 to 21 December 2006, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend to be approved at the annual general meeting, all transfers accompanied by the relevant share certificates must be lodged at the Company's branch share registrar in Hong Kong, Abacus Share Registrars Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 15 December 2006.
4. Mr. Henrik August von Sydow and his associates (as defined in the Circular) shall abstain from voting in relation to the ordinary resolution 5V as set out in this notice at the meeting convened by the above notice.

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## **APPENDIX V PROCEDURE FOR DEMANDING A POLL BY SHAREHOLDERS**

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Bye-law 66 of the Bye-laws provides that a resolution put to vote of a meeting shall be decided on a show of hands unless voting by way of a poll is required by the rules of the Designated Stock Exchange or before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll, a poll is demanded:

- (a) by at least three members present in person or in the case of a member being a corporation by its duly authorized representative or by proxy for the time being entitled to vote at the meeting; or
- (b) by a member or members present in person or in the case of a member being a corporation by its authorized representative or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or
- (c) by a member or members present in person or in the case of a member being a corporation by its authorized representative or by proxy and holding shares in the Company 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.