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Symbol of Quality Logistics Services

BALtrans Holdings Limited

(incorporated in Bermuda with limited liability)

(Stock Code: 562)

CONNECTED TRANSACTION

PROVISION OF FINANCIAL ASSISTANCE

The Board announces that on 6 June 2006, BALtrans International, a wholly-owned subsidiary of the Company, entered into the Loan Agreement with Mr Numavong whereby BALtrans International agreed to lend an aggregate amount of Baht 21,000,000 (equivalent to approximately HK\$4,200,000) to Mr Numavong with an interest rate of 1% per annum repayable on demand by 7 days prior written notice.

As a condition of the Loan Agreement, Mr Numavong entered into a Shares Pledge Agreement on 6 June 2006, pursuant to which Mr Numavong agreed to pledge all his shares in BALtrans Thailand to BALtrans International to secure all of his obligations under the Loan Agreement. According to the Shares Pledge Agreement, BALtrans International is entitled to exercise all voting rights attached to the pledged shares in BALtrans Thailand and to retain dividend (if any) and all other interest and entitlements in connection with the pledged shares. Such rights and entitlements given to BALtrans International under the Shares Pledge Agreement enable the Company to exercise control over the management and operation of BALtrans Thailand.

BALtrans International is a wholly-owned subsidiary of the Company. As Mr Numavong is a director of JLS Logistics (Thailand) Co Ltd, a wholly owned subsidiary of the Company, the entering into of the Loan Agreement and the Shares Pledge Agreement constituted connected transactions of financial assistance for the Company under Rule 14A.13(2)(a)(i) of the Listing Rules. Since the relevant percentage ratios (other than profits ratio) are less than 2.5% but exceed 0.1%, the transactions contemplated under the Loan Agreement and the Shares Pledge Agreement are subject to reporting and announcement requirements set out in Rules 14A.45 and 14A.47 of the Listing Rules.

LOAN AGREEMENT AND SHARES PLEDGE AGREEMENT DATED 6 JUNE 2006

Parties:

Lender	:	BALtrans International
Borrower	:	Mr Numavong
Loan amount	:	Baht 21,000,000 (equivalent to approximately HK\$4,200,000)
Interest rate	:	1% per annum
Loan drawdown date	:	on or before 30 June 2006
Term	:	on demand with 7 days prior written notice

The Board announces that on 6 June 2006, BALtrans International entered into the Loan Agreement with Mr Numavong whereby BALtrans International agreed to lend an aggregate amount of Baht 21,000,000 (equivalent to approximately HK\$4,200,000) to Mr Numavong with an interest rate of 1% per annum repayable on demand by 7 days prior written notice. The rate of interest was determined by reference to the level of risk to be borne by the Group under the Loan Agreement. The Directors consider that the risk to be borne by the Group under the Loan Agreement is low because the repayment obligation of Mr Numavong under the Loan Agreement is secured by the Shares Pledge Agreement and the loan is repayable by Mr Numavong upon demand by BALtrans International and therefore the interest rate is determined at a rate which is lower than the prevailing market rate offered by the banks. The loan will be used by Mr Numavong for financing his acquisition of 51% shareholdings in BALtrans Thailand.

As a condition of the Loan Agreement, Mr Numavong entered into the Shares Pledge Agreement on 6 June 2006 in favour of BALtrans International. Pursuant to the Shares Pledge Agreement, Mr Numavong agreed to pledge 25,494 ordinary shares in the capital of BALtrans Thailand (representing all the ordinary shares held by Mr Numavong in BALtrans Thailand) to BALtrans International to secure all of his repayment obligations under the Loan Agreement.

LISTING RULES IMPLICATION

BALtrans International is a wholly-owned subsidiary of the Company. As Mr Numavong is a director of JLS Logistics (Thailand) Co Ltd, a wholly-owned subsidiary of the Company, the entering into of the Loan Agreement and the Shares Pledge Agreement constituted connected transactions of financial assistance for the Company under Rule 14A.13(2)(a)(i) of the Listing Rules. As each of the applicable percentage ratios (other than profits ratio) for the transactions contemplated under Loan Agreement and the Shares Pledge Agreement is being less than 2.5% but exceed 0.1%, the transactions contemplated under the Loan Agreement and the Shares Pledge Agreement are subject to reporting and announcement requirements set out in Rules 14A.45 and 14A.47 of the Listing Rules.

INFORMATION ON THE GROUP

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 warehouse services.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LOAN AGREEMENT AND THE SHARES PLEDGE AGREEMENT

The loan granted to Mr Numavong under the Loan Agreement will be used by Mr Numavong for financing his acquisition of 51% shareholdings in BALtrans Thailand. As the repayment obligation of Mr Numavong under the Loan Agreement is secured by the Shares Pledge Agreement and the loan is repayable by Mr Numavong upon demand by BALtrans International, the Directors consider that the risk to be borne by the Group under the Loan Agreement is low.

According to the Shares Pledge Agreement, BALtrans International is entitled to exercise all voting rights attached to the pledged shares in BALtrans Thailand and to retain dividend (if any) and all other interest and entitlements in connection with the pledged shares in order to secure any and all of the obligations of Mr. Numavong under the Loan Agreement. Such rights and entitlements given to BALtrans International under the Shares Pledge Agreement enable the Company to exercise control over the management and operation of BALtrans Thailand. The Directors believe that the consolidated control over BALtrans Thailand can strengthen the Group's market presence and network in Thailand. As a result of the aforesaid control over BALtrans Thailand by BALtrans International, the accounts of BALtrans Thailand will be consolidated in the next audited consolidated accounts of the Group as a wholly-owned subsidiary. As such, pursuant to the Listing Rules, the Company is deemed to have acquired all interest in BALtrans Thailand upon the entering into of the Shares Pledge Agreement. Furthermore, according to the Shares Pledge Agreement, in the event that Mr Numavong fails to perform any of his obligations under the Loan Agreement, BALtrans International can exercise the power of sale and / or enforce the shares in BALtrans Thailand pledged under the Shares Pledge Agreement in accordance with the laws of Thailand. BALtrans Thailand is an associated company of the Company incorporated in Thailand on 28 January 1992. The Company is indirectly holding 49% of the entire issued share capital of BALtrans Thailand. .

BALtrans Thailand is principally engaged in freight forwarding in Thailand. Its audited consolidated total asset value and net asset value as at 31 July 2005 were approximately Baht 51,437,677 (approximately HK\$10,287,535) and Baht 24,897,172 (approximately HK\$4,979,434). The audited consolidated net profits (both before and after taxation) of BALtrans Thailand for each of the two years ended 31 July 2005 are set out as follows (in Baht):

	For the year ended 31 July 2004	For the year ended 31 July 2005
Audited consolidated net profits (before taxation)	1,315,184 (approximately HK\$263,000)	10,591,423 (approximately HK\$2,118,000)
Audited consolidated net profits (after taxation)	891,225 (approximately HK\$178,000)	7,173,421 (approximately HK\$1,435,000)

The following table shows the ownership of interests in the issued and fully paid share capital of BALtrans Thailand before and after the acquisition of 51% shareholdings in BALtrans Thailand by Mr Numavong and the entering into of the Loan Agreement and Shares Pledge Agreement:

Owner	Percentage of interest in the issued and fully paid share capital of BALtrans Thailand (before the acquisition of 51% shareholdings in BALtrans Thailand by Mr Numavong and the entering into of the Loan Agreement and Shares Pledge Agreement)	Percentage of interest in the issued and fully paid share capital of BALtrans Thailand (after the acquisition of 51% shareholdings in BALtrans Thailand by Mr Numavong and the entering into of the Loan Agreement and Shares Pledge Agreement)
BALtrans International	49%	49%
Mr Chaichanavong, and other individual shareholders who are independent third parties to this transaction	51%	—
Mr Numavong and his nominees	—	51%
Total :	<u>100%</u>	<u>100%</u>

In view of the low risk to be borne by the Company under the Loan Agreement, the control over BALtrans Thailand together with the rights to retain dividends and the benefits and entitlements to be received by the Company under the Shares Pledge Agreement, the Directors (including the independent non-executive Directors) are of the view that the terms of the Loan Agreement and the Shares Pledge Agreement are on normal commercial terms, which are arrived at after arm's length negotiations and are fair and reasonable, and the entering into of the Loan Agreement and the Shares Pledge Agreement are in the interests of the Company and the independent Shareholders as a whole.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“BALtrans International”	BALtrans International (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“BALtrans Thailand”	BALtrans Logistics (Thailand) Co., Ltd., a company incorporated in Thailand with limited liability and a 49% owned associated company of the Company
“Board”	the board of directors of the Company
“Company”	BALtrans Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the main board of the Stock Exchange

“connected person”	as defined in the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement”	a loan agreement dated 6 June 2006 entered into between BALtrans International and Mr Numavong
“Mr Chaichanavong”	Mr Keree Chaichanavong, a director of JLS Logistics (Thailand) Co Ltd, a wholly owned subsidiary of the Company
“Mr Numavong”	Mr Songwud Numavong, a director of JLS Logistics (Thailand) Co Ltd, a wholly owned subsidiary of the Company
“Share Pledge Agreement”	a share pledge agreement dated 6 June 2006 entered into between BALtrans International and Mr Numavong
“Shares”	shares of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

Unless otherwise specified in this announcement, amounts denominated in Baht have been converted into HK\$ at a rate of Baht 1.00 to HK\$0.20. No representation is made that any amounts in Baht or HK\$ could have been or could be converted at the above rate or at any other rates or at all.

By Order of the Board
Lau Siu Wing, Anthony
Chairman

Hong Kong, 13 June, 2006

As at the date of this announcement, the executive directors of the Company are Messrs Lau Siu Wing Anthony, Henrik August von Sydow, Ng Hooi Chong and Tetsu Toyofuku, the non-executive directors are Messrs Wai Chung Hung David, William Hugh Purton Bird and Christopher John David Clarke, and the independent non-executive directors are Mr Yu Hon To David, Ms Lau Kin Yee Miriam and Mr Ng Cheung Shing.

Please also refer to the published version of this announcement in the South China Morning Post.