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Symbol of Quality Logistics Services

## **BALtrans Holdings Limited**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 562)**

### **CONNECTED TRANSACTION**

#### **ACQUISITION OF 25% INTEREST IN THE ISSUED AND FULLY PAID SHARE CAPITAL OF A NON-WHOLLY OWNED SUBSIDIARY**

The Board announces that on 29 June 2006, the Purchaser and the Vendors entered into the Agreement pursuant to which the Purchaser agreed to acquire and the Vendors agreed to sell an aggregate of 25% interest in the issued and fully paid share capital of JLS UK.

The aggregate consideration for the Acquisition is £900,000.00 (approximately HK\$12,708,000) in cash which will be paid by the Purchaser to the Vendors upon completion of the Acquisition.

The Purchaser is a wholly owned subsidiary of the Company. As the Vendors are substantial shareholders of JLS UK (a non-wholly owned subsidiary of the Company), the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As each of the applicable percentage ratios (other than profits ratio) for the transaction is being less than 2.5%, the Company is subject to the requirements for reporting and announcement in accordance with 14A.32 of the Listing Rules.

#### **THE AGREEMENT DATED 29 JUNE 2006**

##### **Parties**

**Purchaser:** BALtrans (UK) Holdings Limited, a wholly owned subsidiary of the Company

**Vendors:** Mr Gomes, who holds 4,500 shares of JLS UK, representing 15% interest in the issued and fully paid share capital of JLS UK

Mr Stroud, who holds 3,000 shares of JLS UK, representing 10% interest in the issued and fully paid share capital of JLS UK

To the best knowledge of the Company, shortly after the incorporation of JLS UK in 1987, Mr Gomes subscribed 12,000 shares of JLS UK at their par value of £1 each for a total consideration of £12,000. Subsequent to the two shares disposals in 1995 and 2001, Mr Gomes currently holds 4,500 shares of JLS UK. Mr Stroud acquired his interest in 3,000 shares of JLS UK at their par value of £1 each for a total consideration of £3,000 around the time of incorporation of JLS UK. As the Vendors are substantial shareholders of JLS UK, the Vendors are regarded as connected persons of the Company under the Listing Rules.

## Asset to be acquired

Pursuant to the Agreement, the Purchaser agreed to acquire and the Vendors agreed to sell 25% interest in the issued and fully paid share capital of JLS UK. The 25% interest in the issued and fully paid share capital of JLS UK to be acquired by the Purchaser had an approximate audited total asset value of £1,651,000 (equivalent to approximately HK\$23,312,000) and an approximate audited net asset value of £12,000 (equivalent to approximately HK\$169,000) as at 31 July 2005.

JLS UK is a company incorporated in the United Kingdom on 9 February 1987. It is principally engaged in air and sea freight forwarding and logistics services in the United Kingdom. Its audited consolidated total asset value and net asset value as at 31 July 2005 were approximately £6,605,000 (approximately HK\$93,263,000) and £48,000 (approximately HK\$678,000) respectively. The audited consolidated net profits (both before and after taxation) for each of the two years ended 31 July 2005 are set out as follows:

	<b>For the year ended 31 July 2004</b>	<b>For the year ended 31 July 2005</b>
<b>Audited consolidated net profits (before taxation)</b>	£285,000 (equivalent to approximately HK\$4,024,000)	£171,000 (equivalent to approximately HK\$2,415,000)
<b>Audited consolidated net profits (after taxation)</b>	£282,000 (equivalent to approximately HK\$3,982,000)	£167,000 (equivalent to approximately HK\$2,358,000)

The following table shows the ownership of interests in the issued and fully paid share capital of JLS UK before and after completion of the Agreement:

<b>Owner</b>	<b>Percentage of interest in the issued and fully paid share capital of JLS UK (before completion of the Agreement)</b>	<b>Percentage of interest in the issued and fully paid share capital of JLS UK (after completion of the Agreement)</b>
Purchaser	75%	100%
Vendors	25%	—
Total:	<u>100%</u>	<u>100%</u>

Upon completion of this Agreement, the Vendors will stay on as members of the board of directors of JLS UK and the shareholders will nominate new members to join the board of directors of JLS UK in due course.

## Consideration and payment terms

The aggregate consideration for the Acquisition is £900,000.00 (approximately HK\$12,708,000), which will be paid by the Purchaser to the Vendors upon completion of the Acquisition.

The consideration for the Acquisition was arrived at after arm's length negotiations between the parties to the Agreement with reference to (i) the business development potential and earnings of JLS UK as well as (ii) the 10% equity interest of Clover Cargo Holdings (Proprietary) Limited held by JLS UK. As freight forwarding is a non-asset base business, net asset value is not a key determinant in assessing the value of JLS UK. The Company is holding 59.5% equity interest in Clover Cargo Holdings (Proprietary) Limited, of which 7.5% is indirectly attributed by its 75% shareholdings in JLS UK. Upon completion of the Acquisition, the Company's interest in Clover Cargo Holdings (Proprietary) Limited will increase to 62% (as a result of turning JLS UK into a wholly owned subsidiary). As Clover Cargo Holdings (Proprietary) Limited is a major player in the freight forwarding and logistics field in South Africa, such increase in control in Clover Cargo Holdings (Proprietary) Limited signifies the Company's continuing efforts to consolidate its control over key subsidiaries. The consideration for the Acquisition was paid out of the Company's internal resources. The Directors (including the independent non-executive Directors) therefore believe that the terms of the Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **Completion**

Completion of the Agreement is conditional upon (i) if required by the Listing Rules, the passing of the relevant resolutions by the shareholders of the Company in respect of the transactions contemplated in the Agreement; and (ii) the obtaining of all necessary waivers and consents for the Acquisition from relevant regulatory authorities and other relevant third parties. Both conditions are not applicable to the Acquisition. Completion shall take place on the tenth business day after the date of execution of the Agreement, or the next business day following the day on which the last of the conditions has been satisfied or waived by the Purchaser, being not later than 31 October 2006 or such other date as shall be agreed in writing by the parties. If the conditions of the Agreement are not fulfilled or waived by the Purchaser on or before 31 October 2006, the Purchaser shall be entitled to postpone the date for fulfillment of the conditions to such other date as shall be agreed in writing by the parties or waive the conditions then unfulfilled.

## **REASONS FOR 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. As a result of the Acquisition, JLS UK will become a wholly owned subsidiary of the Company and the Group will have absolute control over the management and the development plan of JLS UK. The Acquisition is in line with the Group's plan build a seamless and integrated international network which executes the Groups strategic plan, which will enhance the earning potential of the Group.

## **GENERAL**

The Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As each of the applicable percentage ratios (other than profits ratio) for the two acquisition transactions in aggregate is being less than 2.5%, the Company is only subject to the requirements for reporting and announcement in accordance with 14A.32 of the Listing Rules.

## DEFINITIONS

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

“Acquisition”	the acquisition by the Purchaser of 25% interest in the issued and fully paid share capital of JLS UK from the Vendors
“Agreement”	an agreement dated 29 June 2006 entered into between the Vendors and the Purchaser in relation to the Acquisition
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JLS UK”	JLS Logistics UK Limited, a company incorporated in the United Kingdom and a 75%-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr Gomes”	Mr Joao Manuel Pestana Gomes, a substantial shareholder of JLS UK
“Mr Stroud”	Mr Edward Nigel Stroud, a substantial shareholder of JLS UK
“Purchaser”	BALtrans (UK) Holdings Limited, a company incorporated in the United Kingdom with limited liability and a wholly owned subsidiary of the Company
“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
“£”	Pound Sterling, the lawful currency of the United Kingdom

*Unless otherwise specified in this announcement, amounts denominated in Pound Sterling have been converted into HK\$ at a rate of £1.00 to HK\$14.12.*

By Order of the Board  
**Lau Siu Wing, Anthony**  
*Executive Chairman*

Hong Kong, 4 July 2006

*As at the date of this announcement, the executive directors of the Company are Mr Lau Siu Wing Anthony, Mr Henrik August von Sydow, Mr Ng Hooi Chong and Mr Tetsu Toyofuku; the non-executive directors are Mr Wai Chung Hung David, Mr William Hugh Purton Bird and Mr 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”