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Symbol of Quality Logistics Services

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



Financial Services Group

Quam Capital Limited

The Board is pleased to announce that on 14 July 2006, 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 of the Company under Chapter 14 of the Listing Rules. A circular containing, among other things, details of the Acquisition will be despatched to the Shareholders as soon as practicable.

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;
- (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.

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.

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

The Gothenburg Adjusted Net Profit	The Gothenburg Second Payment
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:

The GAL Adjusted Net Profit	The GAL Second Payment
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

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.

Completion

As at the date of this announcement, none of the above conditions precedent to Completion has been fulfilled.

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.

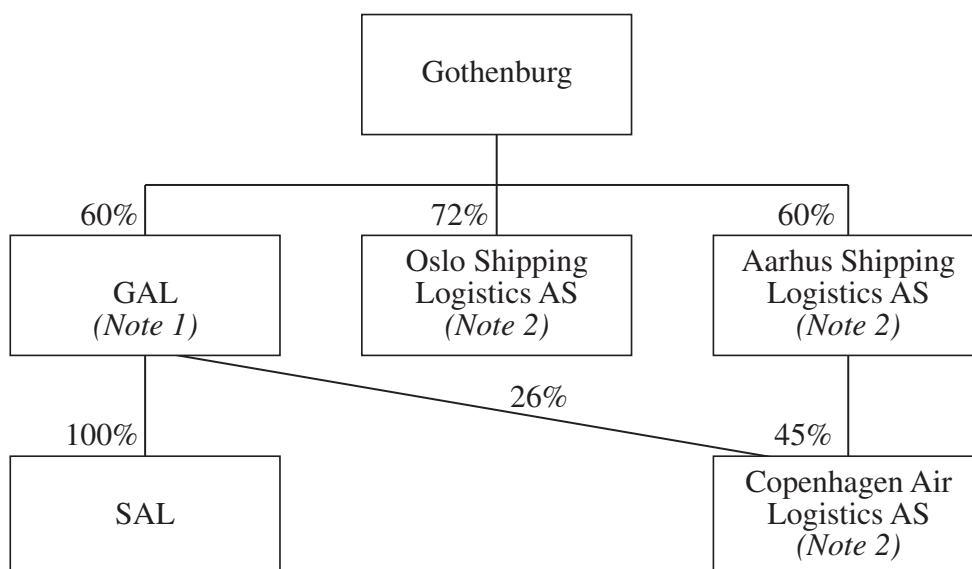
In the event that the conditions precedent to the Purchaser and the Vendors' obligations mentioned above have not been fulfilled or waived by the Purchaser or the Vendors (as the case may be) on or before 30 September 2006, the Purchaser or the Vendors shall be entitled to terminate the Agreement in 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.

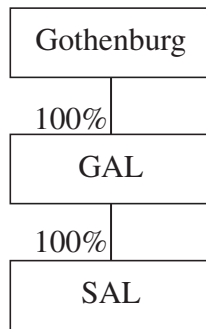
Simplified existing group chart



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 maybe) will sell all its existing shareholding interests in the companies at their respective net book value before Completion.

Group chart on Completion



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.

	For the year ended 31 August 2005	For the year ended 31 August 2004
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.

	For the year ended 31 August 2005	For the year ended 31 August 2004
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.

	For the year ended 31 August 2005	For the year ended 31 August 2004
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)

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. The Acquisition will, therefore, enhance the earnings base of the Group. 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.

GENERAL

The Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. A circular containing, among other matters, details of the Acquisition will be despatched to the Shareholders as soon as practicable.

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

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“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 holds 40% of the issued share capital of GAL as at the date of this announcement. 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” above
“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
“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
“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
“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
“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 announcement is SEK0.93=HK\$1.00
“%”	per cent

By order of the Board
Ng Hooi Chong
Executive Director

Hong Kong, 18 July 2006

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