
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares and options in BALtrans Holdings Limited (the “Company”), you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale 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

**ACQUISITION OF 49.98% EQUITY INTEREST
IN BN HOLDING AG**

A letter from the board of directors of the Company is set out on pages 4 to 8 of this circular.

24 August, 2006

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DEFINITIONS

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

“Acquisition”	the acquisition by the Purchaser from the Vendor of 49.98% equity interest in the Target Company pursuant to the terms of the Share Purchase Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors or a duly authorized committee of the board of Directors
“BNG Logistics”	BNG Logistics GmbH, a company established under the laws of Germany with limited liability
“Business Days”	any day (other than a Saturday, a Sunday or a public holiday) on which banks in Hong Kong are generally open for business
“CHF”	Swiss Francs, the lawful currency of Switzerland
“Company”	BALtrans Holdings Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the main board of the Stock Exchange
“Completion”	completion of the Acquisition under the Share Purchase Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Cooperation Agreement”	the cooperation agreement with respect to the joint development and establishment of the Target Company dated 19 February, 2004 between the Vendor, the Purchaser and the Company
“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

DEFINITIONS

“Independent Third Party(ies)”	third party(ies) (and its ultimate beneficial owner) who are independent of, and not connected with, the Company or any connected persons of the Company and who are not connected person(s) of the Company
“Latest Practicable Date”	22 August, 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information included in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	BALtrans (UK) Holdings Ltd., a company incorporated under the laws of England with limited liability and a wholly-owned subsidiary of the Company
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Purchase Agreement”	the Share Purchase Agreement dated 28 July, 2006 entered into between the Vendor and the Purchaser relating to the Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	BN Holding AG, a limited liability company established under the laws of Switzerland, which was owned as to 49.98% by the Vendor and 50.02% by the Purchaser
“Vendor”	Natural AG, a company incorporated in the Switzerland with limited liability. More details on the Vendor are set out in the section headed “Parties” in the Letter from the Board in this circular
“EURO”	the common currency unit adopted by certain members of the European Union, being as at the date of this circular, Belgium, Germany, Greece, Spain, France, Ireland, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland

DEFINITIONS

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“%” per cent

Unless otherwise specified in this circular, amounts denominated in Euros have been converted into HK\$ at a rate of EURO1.00 to HK\$9.86 and amounts denominated in Swiss Francs have been converted into HK\$ at a rate of CHF1.00 to HK\$6.27.

LETTER FROM THE BOARD



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

24 August, 2006

To the Shareholders

Dear Sirs,

DISCLOSEABLE TRANSACTION

ACQUISITION OF 49.98% EQUITY INTEREST IN BN HOLDING AG

INTRODUCTION

The Board announced that on 28 July, 2006, the Vendor and the Purchaser (a wholly-owned subsidiary of the Company) entered into the Share Purchase Agreement whereby the Purchaser agreed to acquire 49.98% equity interest in the Target Company from the Vendor at a consideration of EURO1,002,000 (approximately HK\$9,879,720). The principal purpose of this circular is to give Shareholders further information on the Acquisition.

THE SHARE PURCHASE AGREEMENT

Date: 28 July, 2006

LETTER FROM THE BOARD

Parties:

- (i) the Vendor (whose principal business is to act as an investment holding company); and
- (ii) the Purchaser (a wholly-owned subsidiary of the Company).

The Vendor and the Purchaser were parties to the Cooperation Agreement with respect to the joint development and establishment of the Target Company in 2004. The Vendor owned 49.98% of the equity interest in the Target Company and the Purchaser owned the remaining 50.02% equity interest in the Target Company. In accordance with the terms of the Share Purchase Agreement, the Purchaser acquired the 49.98% equity interest in the Target Company from the Vendor. On Completion, the Purchaser owns 100% equity interest in the Target Company, which becomes a wholly-owned subsidiary of the Company.

The Target Company was not a subsidiary of the Company. Although the Company, through the Purchaser, was interested in slightly over 50% of the equity interest of the Target Company, it was agreed between the Vendor and the Purchaser under the Cooperation Agreement in relation to the Target Company, that the Purchaser and the Vendor shall have equal voting power at shareholders' meetings relating to the Target Company and equal representation on the board of directors of the Target Company. For these reasons, the Target Company has only been recorded and treated as an associated company of the Company and the results of the Target Company have not been consolidated into the financial results of the Company.

Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquires, the Vendor and its ultimate beneficial owner(s) are Independent Third Parties of the Company.

Conditions

Completion was conditional upon, among other things, the fulfillment (or waiver by the Purchaser) of the following conditions:

1. the respective board of directors of the Vendor, the Purchaser and the Company shall have formally approved the execution and due performance of the Share Purchase Agreement;
2. the representations and warranties made by the other party, taken individually and as a whole, shall be true and correct in all material respects;
3. the repayment of the shareholders' loans of EURO1,100,000 (approximately HK\$10,846,000) in aggregate due from BNG Logistics to the Vendor; and
4. the parties shall have performed all actions and presented all documents provided for in the Share Purchase Agreement.

Completion

Completion has taken place on 10 August, 2006.

LETTER FROM THE BOARD

Consideration

Pursuant to the Share Purchase Agreement, the Purchaser has agreed to acquire 49.98% equity interest in the Target Company from the Vendor at a consideration of EURO1,002,000 (approximately HK\$9,879,720) (the “**Consideration**”).

The Consideration was determined following commercial negotiations between the parties on an arm’s length basis having regard to the net asset value of the Target Company; and the strategic importance of BNG Logistics to the Company – see “Reasons for the Acquisition”.

The Consideration represents a premium of 592% of the amount representing 49.98% (being the equity interest which is the subject of the Acquisition) of the net asset value of the Target Company of approximately HK\$2,855,753 as at 31 December, 2005.

Pursuant to the Share Purchase Agreement, the Consideration was paid in one lump sum on Completion by the Purchaser to the Vendor.

The payment for the Consideration was funded by the Group out of its existing internal cash resources. Following the Acquisition, the Company owns 100% equity interest in the Target Company and the Target Company will be accounted for in the Group’s financial results as a subsidiary of the Company.

Information on the Target Company

The Target Company is an investment holding company in respect of the equity interest in BNG Logistics. The issued share capital of the Target Company is CHF500,000 (approximately HK\$3,135,000), all of which is fully paid. The Target Company was owned as to 49.98% by the Vendor and 50.02% by the Purchaser.

The table below sets out certain audited financial information (based on generally accepted accounting principles in Switzerland) in relation to the Target Company (without consolidating or combining the results of BNG Logistics) for the two years ended 31 December, 2005:

	Year ended 31 December, 2004	Year ended 31 December, 2005
Net Asset Value	CHF476,777 (HK\$2,989,392)	CHF455,463 (HK\$2,855,753)
Loss before taxation and extraordinary items	CHF23,123 (HK\$144,981)	CHF20,994 (HK\$131,632)
Loss after taxation and extraordinary items	CHF23,223 (HK\$145,608)	CHF21,314 (HK\$133,639)

LETTER FROM THE BOARD

BNG Logistics is an international freight forwarding agent with an issued share capital of EURO500,000 (approximately HK\$4,930,000), all of which is fully paid. BNG Logistics is owned by the Target Company as to 96%. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the remaining 4% equity interest in BNG Logistics is held by an Independent Third Party.

The table below sets out certain audited financial information (based on generally accepted accounting principles in Germany) in relation to BNG Logistics for the two years ended 31 December, 2005:

	Year ended 31 December, 2004	Year ended 31 December, 2005
Net Asset Value	(EURO106,988) (HK\$1,054,902)	EURO208,571 (HK\$2,056,510)
Profit (Loss) before taxation and extraordinary items	(EURO468,549) (HK\$4,619,893)	EURO18,458 (HK\$181,996)
Profit (Loss) after taxation and extraordinary items	(EURO473,972) (HK\$4,673,364)	EURO15,560 (HK\$153,422)

Note:

Consolidated financial statements of the Target Company and BNG Logistics are not available. The consolidated financial statements of the Target Company have not been available because there is no legal obligation to consolidate the results of the Target Company and BNG Logistics under Swiss law unless (with respect to the companies to be consolidated and on a consolidated basis) the balance sheet must be of a value greater than CHF10,000,000, its revenues must be greater than CHF20,000,000 and the number of employees must be greater than 200. As the Target Company has not met with these requirements, it is under no legal obligation under Swiss law to prepare consolidated accounts.

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.

The Group continues to pursue the strategy of consolidating its shareholding and management control of its subsidiaries within its international network. With the Group's network support, BNG Logistics has developed rapidly since its establishment in 2004 to become a sizeable company achieving a steady improvement in financial performance, a net turnover of approximately EURO34,000,000 (approximately HK\$335,240,000) in 2005, while operating in 6 key cities in Germany, namely Hamburg, Hannover, Dusseldorf, Frankfurt, Stuttgart and Munich. Germany is a key economy in the heart of continental Europe and a strategically important market for the Group. This transaction will enable the Group to obtain shareholding and management control of BNG Logistics.

LETTER FROM THE BOARD

On Completion, the Cooperation Agreement was also terminated. As the Target Company is only an investment holding company and there is no change in the management of BNG Logistics after the Acquisition, the Directors believe that the termination of the Cooperation Agreement will not have any material adverse impact on the operations of BNG Logistics.

The Directors consider the premium of 592% for the Consideration to be reasonable for the following reasons: (i) the earnings potential of BNG Logistics (BNG Logistics in its first year of operations in 2004 suffered a loss but in 2005, it had grown very quickly and broke even. The Directors expect profit contribution from BNG Logistics for the year 2006); and (ii) the strategic interest of the Group in maintaining a presence in Germany (a key economy in the heart of continental Europe) and an important strategic market for the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the Share Purchase Agreement are fair and reasonable and on normal commercial terms and that the entry into the Share Purchase Agreement is in the interests of the Company and its Shareholders as a whole.

FINANCIAL IMPACT

The financial results of the Target Company will be consolidated into the Group's financial statements. The Group's assets and liabilities will increase as a result of the consolidation of financial statements of the Target Company. The Group's cash will decrease to the extent of the aggregate consideration funded from internal resources. The Directors expect there will be a positive impact on the profit attributable to Shareholders in the long term.

LISTING RULES IMPLICATIONS

Under the Listing Rules, the Acquisition constitutes a discloseable transaction for the Company.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular.

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

A. 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.

B. DISCLOSURE OF INTERESTS**(i) 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	2,600,000 underlying Shares	0.84%
Mr. Henrik August von Sydow (Notes 2 & 3)	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 4)	Corporate	41,803,688 Shares	13.49%

Name of Directors	Nature of interest	Number of Shares held (Long position)	Percentage of shareholding
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:

- 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.
- 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:
 - up to 25% thereof from 4 May, 2005;
 - up to 50% thereof from 4 May, 2006;
 - up to 75% thereof from 4 May, 2007; and
 - 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:

- up to 25% thereof from 17 August, 2006;
- up to 50% thereof from 17 August, 2007;
- up to 75% thereof from 17 August, 2008; and
- 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:

- up to 25% thereof from 14 March, 2007;
- up to 50% thereof from 14 March, 2008;
- up to 75% thereof from 14 March, 2009; and
- up to 100% thereof from 14 March, 2010.

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 provided that the option shall be exercisable as follows:

- up to 25% thereof from 15 August, 2008;
- up to 50% thereof from 15 August, 2009;
- up to 75% thereof from 15 August, 2010; and
- up to 100% thereof from 15 August, 2011.

- 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.
- These Shares are beneficially owned by Tropical Holding Investment Inc. (“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.

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.

(ii) 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:

Name of interested party	Nature of interest	Number of Shares held (Long position)	Percentage of shareholding
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:

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 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. 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 member 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:

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

C. 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.

D. LITIGATION

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.

E. 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)).

F. GENERAL

- (i) 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.
- (ii) 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.
- (iii) 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.
- (iv) 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.
- (v) The English text of this circular shall prevail over the Chinese text.