BALtrans Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 562)

ANNOUNCEMENT

The Board announces that on 19 October 2006, BALtrans Logistics Limited, a wholly owned subsidiary of the Company, has entered into the Termination Agreement with the Vendor to terminate the provision of profit guarantee and related arrangements (including the consultancy service arrangement) under the Agreement.

Reference is made to the Company's announcement dated 21 December 2005 ("Announcement") and the Company's circular dated 27 January 2006 ("Circular") in relation to the acquisition of a 24% equity interest in the capital of BALtrans China, a non-wholly owned subsidiary of the Company (the "Acquisition"). Completion of the Acquisition took place on 14 March 2006. Unless the context requires otherwise, terms defined in the Announcement and the Circular have the same meanings when used in this announcement.

For the reasons set out in the paragraph headed "Reasons for entering into the Termination Agreement" below, BALtrans Logistics Limited and BALtrans China have entered a termination agreement with the Vendor on 19 October 2006 (the "Termination Agreement") to terminate the provision of profit guarantee and related arrangements (including the consultancy service arrangement) under the Agreement.

TERMINATION AGREEMENT DATED 19 OCTOBER 2006

Parties

Vendor

BALtrans Logistics Limited

BALtrans China

Terms

Pursuant to the Termination Agreement, the Vendor and BALtrans Logistics Limited have mutually agreed to terminate the provision of profit guarantee by the Vendor and related arrangements under the Agreement. The major terms of the Termination Agreement are as follow:

(i) the provision of profit guarantee by the Vendor under the Agreement shall be terminated from the date of execution of the Termination Agreement;

(ii) as a result of the termination of the provision of profit guarantee, the provision of consultancy service arrangement by the Vendor under the Agreement shall also be terminated from the date of execution of the Termination Agreement;

(iii) in consideration of the early termination of the consultancy service arrangement under the Agreement, BALtrans Logistics Limited shall pay to the Vendor the sum of RMB1,000,000 as compensation upon execution of the Termination Agreement;

(iv) each party's obligations under the Agreement have been fully released and discharged on the date of the Termination Agreement; and

(v) no party to the Agreement shall be liable to continue performance of the Agreement nor shall any of them have any liability or any claim against the others in relation to the Agreement.

Reasons for entering into the Termination Agreement

The Vendor has in the past provided assistance through its local know-how and freight management expertise to manage the businesses of BALtrans China. The Directors believed that such local connection and expertise could assist the Company to ensure that the Merger can be smoothly executed. The Company therefore negotiated for a profit guarantee element in the Agreement so as to secure the commitment of the Vendor to support and assist the Company in carrying out the Merger. In consideration of the profit guarantee given by the Vendor to the Company, the Company agreed to engage a consultant from the Vendor during the profit guarantee period to assist the Company to manage the business of BALtrans China. Prior to the commencement of the Merger and the profit guarantee period, the aggregate loss of the Relevant Offices for the period from March 2006 to September 2006 amounted to RMB1,294,765 (Unaudited). The aggregate loss of the Relevant Offices for the 12 months period ended February 2006 amounted to RMB4,194,537.

After execution of the Agreement and prior to the commencement of the profit guarantee period, the Company and the Vendor have had differences in opinion on how the integration should be executed. This led to delays and substantial opportunity cost in reaping the post-Merger benefits. Therefore, the Company has built up its own team of local know-how and freight management expertise in the PRC which can assist the Company to execute the Merger more efficiently and effectively than relying on the assistance from the Vendor and its consultant. With its own team of local know-how and freight management expertise, the Company can implement its planning more efficiently and effectively. The Directors believe that reliance on its own team of local know-how and freight management expertise can bring long term benefit to the Group as to the management and development of its PRC business.

Due to the aforesaid change of circumstances, the Directors are of the view that the termination of the profit guarantee and the provision of consultancy service arrangement can eliminate the bottlenecks in the course of executing the integration and allow the Company to benefit from the synergies accrued post integration. After discussion with the Vendor, it was mutually agreed by both parties to terminate the profit guarantee prior to its commencement. Under the Agreement, the Vendor will appoint a consultant to assist the management of the Relevant Offices during the profit guarantee period. Based on the Vendor's representation, the consultant is one of the management personnel of the Vendor. To compensate the Vendor for loss of expected consultancy income that may be suffered from early termination of consultancy arrangement, the Company agreed to pay to the Vendor the sum of RMB1,000,000. The said compensation amount was determined by the parties by reference to the annual remuneration amount that had been paid to the officer responsible for the management of the Relevant Offices and is payable to the consultant for managing the Relevant Offices per year under the Agreement.

The Directors believe that the terms of the Termination Agreement are fair and reasonable and in the interest of the Company and its shareholders as a whole. The Directors consider that the termination of the Agreement will not have any material adverse effect on the business and financial position of the Company or its subsidiaries.

DEFINITIONS

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

"Agreement"	the sale and purchase agreement dated 15 December 2005 entered into between the Vendor and BALtrans Logistics Limited in relation to the acquisition by BALtrans Logistics Limited of 24% equity interest in the capital of BALtrans China from the Vendor
"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
"Directors"	the directors of the Company
"Merger"	the merger of the businesses of BALtrans China in Shanghai, Qingdao, Beijing, Dalian and Tianjin into the business of JCCTA in Shanghai, Qingdao, Beijing, Dalian and Tianjin

By Order of the Board
Lau Siu Wing Anthony
Executive Chairman

Hong Kong, 23 October 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.