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**BALtrans
Holdings Limited**

(Incorporated in Bermuda with limited liability)

(Stock Code: 562)

CONNECTED TRANSACTIONS

**ACQUISITION OF 26% INTEREST IN THE ISSUED AND
FULLY PAID SHARE CAPITAL
OF A NON-WHOLLY OWNED SUBSIDIARY**

THE AGREEMENT

The Board announced that on 6 December 2006, BALtrans International (as the purchaser) has entered into the Agreement for the acquisition of 26% interest in the issued and fully paid share capital of BALtrans India from KDD. The aggregate consideration for the Acquisition is INR15,000,000 (equivalent to approximately HK\$2,622,000) to be paid by BALtrans International to KDD on the Closing Date and upon the satisfaction of all conditions as set forth in the Agreement.

BALtrans International is a wholly-owned subsidiary of the Company. KDD is a director of BALtrans India (a non-wholly owned subsidiary of the Company). The Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules, with each of the applicable percentage ratios for the Acquisition being less than 2.5%. Therefore, the Company is only subject to the reporting and announcement requirements in accordance with Rule 14A.32 of the Listing Rules.

THE AGREEMENT DATED 6 DECEMBER 2006

Parties:

Vendor : KDD

Purchaser : BALtrans International, a wholly owned subsidiary of the Company.

To the best knowledge of the Company, KDD acquired 325,000 issued and fully paid share capital of BALtrans India in 2004 for a total sum of INR3,250,000. A subsequent allotment of 65,000 shares in BALtrans India was also made to KDD in 2006. As a result, he holds 390,000 issued and fully paid share capital of BALtrans India (being 26% of the issued share capital of BALtrans India).

As KDD is a director of BALtrans India (a non-wholly owned subsidiary of the Company), KDD is regarded as a connected person of the Company under the Listing Rules.

Asset to be acquired:

Pursuant to the Agreement, BALtrans International agreed to acquire and KDD agreed to sell 26% interest in the issued and fully paid share capital of BALtrans India. The 26% interest in the issued and fully paid share capital of BALtrans India to be acquired by BALtrans International had an approximate audited total asset value of INR6,853,389 (equivalent to approximately HK\$1,197,972) and an approximate audited net asset value of INR2,375,442 (equivalent to approximately HK\$415,227) as at 31 March 2006.

BALtrans India, a company originally incorporated in India on 8 December 2004 under the name of Datrans Logistics (India) Private Limited and was subsequently changed to BALtrans India, is principally engaged in the business of providing freight forwarding and logistics support services. Its audited consolidated total asset value and net asset value as at 31 March 2006 were approximately INR26,359,190 (equivalent to approximately HK\$4,607,586) and INR9,136,317 (equivalent to approximately HK\$1,597,028) respectively. For the two years ended 31 March 2006, its consolidated net profits/losses (both before and after taxation) for each of the two years ended 31 March 2006 are set out as follows:

	For the year ended 31 March 2005	For the year ended 31 March 2006
Audited consolidated net losses (before taxation)	INR0 <i>(equivalent to approximately HK\$0)</i>	INR(8,450,051) <i>(equivalent to approximately HK\$(1,477,069))</i>
Audited consolidated net losses (after taxation)	INR0 <i>(equivalent to approximately HK\$0)</i>	INR(5,863,683) <i>(equivalent to approximately HK\$(1,024,972))</i>

BALtrans India did not have any business activities prior to 31 March 2005 and all expenses incurred prior to this date were expenses incurred as capital cost in establishing the business of BALtrans India. Therefore, the expenses were amortised over the subsequent years and there were no net profits/losses in 2005.

The following table shows the ownership interests in the issued and fully paid share capital of BALtrans India before and after completion of the BALtrans India Sale and Purchase Agreement:

Owner	Percentage of interest in the issued and fully paid share capital of BALtrans India (before completion of the BALtrans India Sale and Purchase Agreement)	Percentage of interest in the issued and fully paid share capital of BALtrans India (after completion of the BALtrans India Sale and Purchase Agreement)
BALtrans International	74%	100% ^{Note 1}
KDD	26%	—
Total:	<u>100%</u>	<u>100%</u>

Note 1: In compliance with the requirement to have a minimum of two (2) shareholders under Indian company law, 0.000666% of the shareholding interest (which is equivalent to 10 shares) in BALtrans India will be held by BJ Logistics Holding Limited (as nominee shareholder for BALtrans International).

Consideration and payment terms:

The consideration for the Acquisition shall be in the sum of INR15,000,000 (equivalent to approximately HK\$2,622,000) which will be paid to KDD on the Closing Date and upon satisfaction of all conditions as set forth in the BALtrans Sale and Purchase Agreement.

The consideration for the Acquisition was arrived at after arm's length negotiations and with reference to BALtrans India's net asset value as at 31 March 2006, its subsequent business performance and its business potential. The consideration for the Acquisition will be paid out of the Company's internal resources.

The Directors (including the independent non-executive Directors) consider that the terms of the Acquisition are fair and reasonable as far as the Company and the independent Shareholders are concerned and are on normal commercial term.

Completion:

After the completion, BALtrans India would become an wholly owned subsidiary of the Company. Completion will take place on the Closing Date and upon the satisfaction of all conditions as set forth in the Agreement, which include, inter alia, the following:

1. if required by the Listing Rules, the passing of the relevant resolutions by the shareholders of the Company in respect of the transaction as contemplated under the Agreement; and
2. KDD shall be appointed as the managing director of BALtrans India by entering into a new service contract effective from 1 January 2007 to 31 July 2008 with an option to renew, the exercise of which is at the sole and absolute discretion of BALtrans India with the term of renewal to be determined prior to 31 July 2008 (being the expiry date of the service contract).

Reason for entering into the agreement

The Group is principally engaged in the business of providing air and sea freight forwarding services, exhibition forwarding and household removal services, third-party logistics representing trucking and warehouse services. The Group's decision to enter into the Agreement is motivated by its strategy to streamline its group structure by consolidating shareholding and management control over BALtrans India, as a subsidiary of the Group. By strengthening its control over BALtrans India, the Group believes that it is able to execute its strategic plan(s) which will enhance the earning potential and thus, improve the financial position of BALtrans India.

General

The Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules, with each of the applicable percentage ratios for the Acquisition being less than 2.5%. Therefore, the Company is only subject to the reporting and announcement requirements pursuant to Rule 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 BALtrans International of a 26% interest in the issued and fully paid share capital of BALtrans India from KDD
“Agreement”	an agreement for sale and purchase of 26% interests in the issued and fully paid share capital of BALtrans India dated 6 December 2006 made between BALtrans International and KDD
“BALtrans India”	BALtrans Logistics (India) Private Limited, a company incorporated under the Indian Companies Act with limited liability and a 74% owned subsidiary of the Company
“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
“Board”	the board of directors of the Company
“Closing Date”	a date no later than 18 December 2006 or such other dates as may be mutually agreed between the Parties
“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 People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“INR”	India Rupees, the lawful currency of India
“KDD”	Kapil Dev Dutta, a director and substantial shareholder of BALtrans India
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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, all audited financial figures in relation to BALtrans India were prepared in accordance with Mandatory Accounting Standards issued by the Institute of Chartered Accountants in India pursuant to the Indian Companies Act 1956 and all amounts denominated in INR have been converted to HK\$ at a rate of INR1 to HK\$0.1.748.

By Order of the Board
Ng Hooi Chong
Executive Director

Hong Kong, 8 December 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.