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## **BALtrans Holdings Limited**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 562)**

*Website: <http://www.baltrans.com>*

### **CONNECTED TRANSACTIONS**

- (1) ACQUISITION OF 20% INTEREST IN THE ISSUED AND FULLY PAID SHARE CAPITAL OF A NON-WHOLLY OWNED SUBSIDIARY AND**
- (2) DISPOSAL OF 60% INTEREST IN THE ISSUED AND FULLY PAID SHARE CAPITAL OF A NON-WHOLLY OWNED SUBSIDIARY**

#### **THE ACQUISITION**

On 12 October 2007, Supreme as the purchaser has acquired 20% interest in the issued and fully paid share capital of Muragawa from Mr. Fung for a cash consideration of approximately HK\$1,660,000 paid by Supreme to Mr. Fung on the same day.

Supreme is a non-wholly owned subsidiary of the Company. Mr. Fung is a substantial shareholder (as defined in the Listing Rules) of Muragawa (a non-wholly owned subsidiary of the Company). The Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules, which is subject to the requirements for reporting and announcement in accordance with Rule 14A.32 of the Listing Rules.

#### **THE DISPOSAL**

On 23 August 2007, BALtrans International as the vendor has entered into a share purchase agreement for the sale of 60% interest in the issued and fully paid share capital of Helu-trans to Mr. Chia for a cash consideration of S\$280,000 (equivalent to approximately HK\$1,420,000) paid by Mr. Chia to BALtrans International on 4 October 2007.

BALtrans International is a wholly owned subsidiary of the Company. Mr. Chia is a director and substantial shareholder (as defined in the Listing Rules) of Helu-trans (a non-wholly owned subsidiary of the Company). The Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules, which is subject to the requirements for reporting and announcement in accordance with Rule 14A.32 of the Listing Rules.

## THE ACQUISITION TOOK PLACE ON 12 OCTOBER 2007

### Parties:

Vendor : Mr. Fung

Purchaser: Supreme, a non-wholly owned subsidiary of the Company

To the best knowledge of the Company, Mr. Fung acquired 60,000 issued and fully paid shares in the capital of Muragawa in 2001 at HK\$600,000. In 2005, Mr. Fung transferred 30,000 issued and fully paid shares of Muragawa to Supreme at \$342,300. As a result, he holds 30,000 issued and fully paid shares of Muragawa (being 20% of the issued share capital of Muragawa) before completion of the Acquisition.

As Mr. Fung is a substantial shareholder (as defined in the Listing Rules) of Muragawa (a non-wholly owned subsidiary of the Company), Mr. Fung is regarded as a connected person of the Company under the Listing Rules.

### Asset to be acquired:

Supreme agreed to acquire and Mr. Fung agreed to sell 20% interest in the issued and fully paid share capital of Muragawa. The 20% interest in the issued and fully paid share capital of Muragawa acquired by Supreme had an approximate unaudited total asset value of HK\$1,777,000 and an approximate unaudited net asset value of HK\$1,151,000 as at 31 July 2007.

Muragawa is a company incorporated in Hong Kong on 13 August 2001. It is principally engaged in the provision of freight forwarding services. Its unaudited total asset value and net asset value as at 31 July 2007 were approximately HK\$8,883,000 and HK\$5,755,000 respectively. For the two years ended 31 July 2007, its net profits (both before and after taxation) for each of the two years ended 31 July 2007 are set out as follows:

	<b>For the year ended 31 July 2006 Audited</b>	<b>For the year ended 31 July 2007 Unaudited</b>
Net profits (before taxation)	HK\$4,155,000	HK\$1,650,000
Net profits (after taxation)	HK\$3,443,000	HK\$1,367,000

The decrease in net profits was mainly caused by a downturn of the global airfreight forwarding activities and the restructuring of the management of Muragawa.

The following table shows the ownership of interests in the issued and fully paid share capital of Muragawa before and after completion of the Acquisition:

<b>Owner</b>	<b>Percentage of interest in the issued and fully paid share capital of Muragawa (before completion of the Acquisition)</b>	<b>Percentage of interest in the issued and fully paid share capital of Muragawa (after completion of the Acquisition)</b>
Supreme	80%	100% <sup>(Note)</sup>
Mr. Fung	20%	-
<b>Total:</b>	<u>100%</u>	<u>100%</u>

*Note:* In compliance with the requirement to have a minimum of two (2) shareholders under the memorandum and articles of association of Muragawa, 1% of the shareholding interest (which is equivalent to 1,500 shares) in Muragawa is held by BJ Logistics Holdings Limited (as a nominee shareholder for Supreme).

#### **Consideration and payment terms:**

The consideration for the Acquisition was in the sum of approximately HK\$1,660,000 which had been paid to Mr. Fung on 12 October 2007.

The consideration for the Acquisition was arrived at after arm's length negotiations and with reference to Muragawa's net asset value as at 31 July 2007, its subsequent business performance and its business potential. The consideration for the Acquisition was 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 terms, and the Acquisition is in the interests of the Company and the Shareholders as a whole.

#### **Completion:**

Completion of the Acquisition took place on 13 October 2007 upon the stamping of relevant transfer documents.

## THE AGREEMENT DATED 23 AUGUST 2007

### Parties:

Vendor : BALtrans International

Purchaser: Mr. Chia

As Mr. Chia is a director and a substantial shareholder (as defined in the Listing Rules) of Helu-trans (a non-wholly owned subsidiary of the Company), Mr. Chia is regarded as a connected person of the Company under the Listing Rules.

### Asset to be disposed:

Pursuant to the Agreement, BALtrans International agreed to sell and Mr. Chia agreed to acquire 60% interest in the issued and fully paid share capital of Helu-trans. The 60% interest in the issued and fully paid share capital of Helu-trans disposed by BALtrans International had an approximate unaudited total asset value of S\$1,694,000 (equivalent to approximately HK\$8,589,000) and an approximate unaudited net asset value of S\$537,000 (equivalent to approximately HK\$2,723,000) as at 31 July 2007.

Helu-trans is a company incorporated in Singapore on 1 August 1979. Its principal activities are those of removal of household effects and exhibition goods, industrial packing and warehousing. Its unaudited total asset value and net asset value as at 31 July 2007 were approximately S\$2,824,000 (equivalent to approximately HK\$14,318,000) and S\$895,000 (equivalent to approximately HK\$4,538,000) respectively. For the two years ended 31 July 2007, its net profits (both before and after taxation) for each of the two years ended 31 July 2007 are set out as follows:

	<b>For the year ended 31 July 2006 Audited</b>	<b>For the year ended 31 July 2007 Unaudited</b>
Net profits (before taxation)	S\$116,000 <i>(equivalent to approximately HK\$588,000)</i>	S\$378,000 <i>(equivalent to approximately HK\$1,916,000)</i>
Net profits (after taxation)	S\$100,000 <i>(equivalent to approximately HK\$507,000)</i>	S\$378,000 <i>(equivalent to approximately HK\$1,916,000)</i>

The following table shows the ownership of interests in the issued and fully paid share capital of Helu-trans before and after completion of the Disposal:

<b>Owner</b>	<b>Percentage of interest in the issued and fully paid share capital of Helu-trans (before completion of the Acquisition)</b>	<b>Percentage of interest in the issued and fully paid share capital of Helu-trans (after completion of the Acquisition)</b>
Mr. Chia	29%	89%
BALtrans International	60%	-
Two individuals (independent third parties to this transaction)	11%	11%
<b>Total:</b>	100%	100%

#### **Consideration and payment terms:**

The aggregate consideration for the Disposal was S\$280,000 (equivalent to approximately HK\$1,420,000) which had been paid by Mr. Chia to BALtrans International on 4 October 2007.

The consideration of the Disposal was arrived at after arm's length negotiations and with reference to Helu-trans's net asset value as at 31 July 2007 and its business potential.

The Directors (including the independent non-executive Directors) consider that the terms of the Disposal are fair and reasonable as far as the Company and the independent Shareholders are concerned and are on normal commercial terms, and the Disposal is in the interests of the Company and the Shareholders as a whole.

#### **Financial effect of the Disposal:**

Based primarily on the consideration of S\$280,000 (equivalent to approximately HK\$1,420,000) and the attributable unaudited net asset value of Helu-trans as at 31 July 2007, the net loss from the Disposal is estimated to be approximately HK\$1,390,000. The final net loss amount will be recognized in the Group's consolidated accounts for the financial year ending 31 July 2008.

The net proceed of approximately HK\$1,415,000 (net of expenses) from the Disposal will be used as general working capital of the Group.

#### **Completion:**

Completion of the Disposal will take place on or before 15 November 2007 or such other date as agreed by the parties, subject to the stamping of relevant transfer documents. Pursuant to the Agreement, BALtrans International shall deliver or procure the delivery to Mr. Chia the following documents at completion of the Disposal:-

1. the resignation letters from each of the directors of Helu-trans originally nominated by BALtrans International to take effect on the completion date; and

2. the release from Standard Chartered Bank of all corporate guarantees given by the Company.

Upon completion of the Disposal, the Group will cease to hold any interest in Helu-trans.

## **REASONS FOR AND BENEFIT OF THE ACQUISITION**

The Group is principally engaged in the logistics business including airfreight forwarding, sea freight forwarding, sea-air combination services, exhibition forwarding, air chartering, international household removal, marine insurance brokerage, warehousing and distribution, and third party logistics solutions. The Group's decision for the Acquisition is motivated by its strategy to streamline its group structure by consolidating shareholding of and management control on Muragawa, as a subsidiary of the Group. By strengthening its control over Muragawa, the Group believes that its strategic plan(s) would be implemented more efficiently resulting in improvement on the financial position of Muragawa.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

As the Group is now revamping its business expansion strategy, the financial passive investment in Helu-trans, with its own independent management, network and strategic policies, is no longer compatible with the Group's focus on developing a global seamless integrated platform under a unified brand name. Therefore, the Directors consider the Disposal an opportunity to dispose a non-core operation and allow the Group to instead focus and use the proceeds on the core businesses of the Group. The original investment cost of the 60% interest in the issued and fully paid share capital of Helu-trans was S\$383,000 (equivalent to approximately HK\$1,942,000).

In addition, the Directors opines that even though the Disposal resulted in the Group making a net loss, time and money can be saved and better deployed elsewhere rather than having the Group to engage in negotiation with the existing management of Helu-trans over any revamp to bring Helu-trans in line with the Group's overall plan and strategy.

## **GENERAL**

The Acquisition and the Disposal constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As each of the applicable percentage ratios (other than profits ratio which is not applicable for connected transactions) for the Acquisition and the Disposal is being less than 2.5%, the Company is only subject to the requirements for reporting and announcement in accordance with 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 Supreme of a 20% interest in the issued and fully paid share capital of Muragawa from Mr. Fung
“Agreement”	an agreement for sale and purchase of 60% interest in the issued and fully paid share capital of Helu-trans dated 23 August 2007 made between BALtrans International and Mr. Chia
“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
“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
“Disposal”	the disposal by BALtrans International of a 60% interest in the issued and fully paid share capital of Helu-trans to Mr. Chia
“Directors”	the directors of the Company, including the independent non-executive directors
“Group”	the Company and its subsidiaries
“Helu-trans”	Helu-trans (S) Private Limited, a company incorporated under the laws of Singapore with limited liability and a 60% owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chia”	Mr. Richard Chia, a director and a substantial shareholder (as defined in the Listing Rules) of Helu-trans
“Mr. Fung”	Mr. Fung Tak Fai Thomas, a substantial shareholder (as defined in the Listing Rules) of Muragawa
“Muragawa”	Muragawa Logistics Limited, a company incorporated in Hong Kong with limited liability and a 75.2% owned subsidiary of the Company

“S\$”	Singapore dollars, the lawful currency of Singapore
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supreme”	Supreme Logistics (Hong Kong) Limited (formerly known as “Supreme Airfreight Company Limited”), a company incorporated in Hong Kong with limited liability and a 94% owned subsidiary of the Company
“%”	per cent

*Note: For the purpose of this announcement, translations of S\$ into HK\$ are made for illustration purposes only at the exchange rate of S\$1.00 to HK\$5.07.*

By Order of the Board  
**Ng Hooi Chong**  
Executive Director

Hong Kong, 5 November 2007

*As at the date of this announcement, the Board of the Company comprises Executive Directors: Mr. Lau Siu Wing Anthony, Mr. Ng Hooi Chong and Mr. Tetsu Toyofuku; Non-executive Directors: Mr. Wai Chung Hung David and Mr. William Hugh Purton Bird; Independent Non-executive Directors: Mr. Yu Hon To David, Ms. Lau Kin Yee Miriam and Mr. Ng Cheung Shing.*