



Voluntary Cash Offer

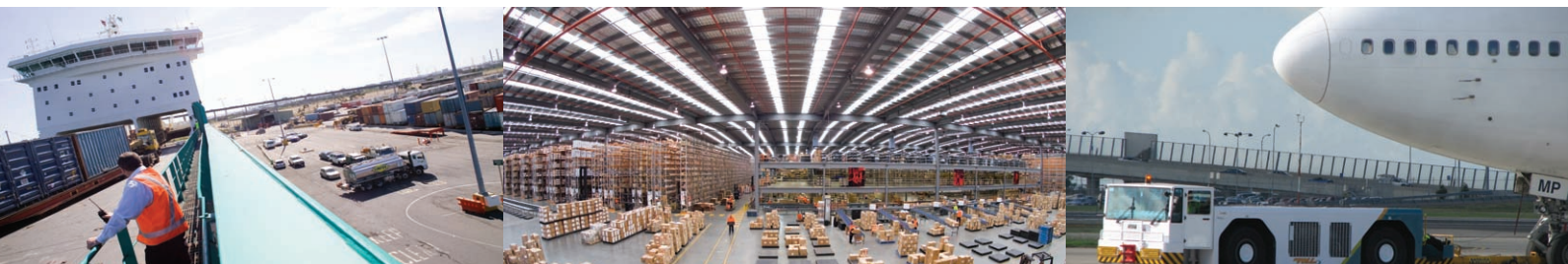
by

Toll (BVI) Limited

for

BALtrans Holdings Limited

(Hong Kong Stock Code: 562)



Accept now for fair value

HOW CAN I ACCEPT THE OFFERS?

3 Simple Steps to Accept the Offers

- Locate the **Form of Acceptance and Transfer for the Shares** or the **Form of Acceptance and Cancellation for the Options** ("Form").
- Fill in your details on the Form. Instructions are set out on the Form and in **Appendix I** of the Composite Document.
- Return the Form together with the relevant documents so as to arrive before 4:00 p.m. on the Closing Date.

Overseas Shareholders and Overseas Optionholders should read pages 11, 12, 47 and 48 of the Composite Document.

Key Dates	
Despatch of the Composite Document	22 January 2008
Closing Date and Time	4:00 pm on 12 February 2008 or such later date(s) as may be announced

**Toll urges you to
carefully consider the Offers**

NEED HELP?

Please call +852 2820 3687
if you have any enquiries concerning the Offers or
if you need assistance to complete the Forms

IMPORTANT NOTICE

The information in this section is a summary of the Offers and is qualified by, and should be read in conjunction with, the more detailed information contained in the rest of the Composite Document.

Nothing in this section is intended to be, or shall be taken as, advice or recommendation to the Shareholders and the Optionholders or any other party. Standard Chartered Bank is acting for and on behalf of the Offeror and does not purport to advise the Shareholders and the Optionholders.

The Shareholders and the Optionholders should refer to the Letter from the Board, the Letter from the Independent Board Committee and the Letter from the Independent Financial Adviser contained in the Composite Document in relation to the Offers.

WHAT DO I NEED TO KNOW ABOUT TOLL'S OFFER? 

WHAT DO I NEED TO KNOW ABOUT TOLL'S OFFER¹?

1. A cash offer to purchase all of your Shares²

Toll is offering cash to buy ALL OF YOUR SHARES in BALtrans³.

2. A cash offer of either HK\$7.60 or HK\$7.75 for each Share

If you accept the Offer, you will receive:

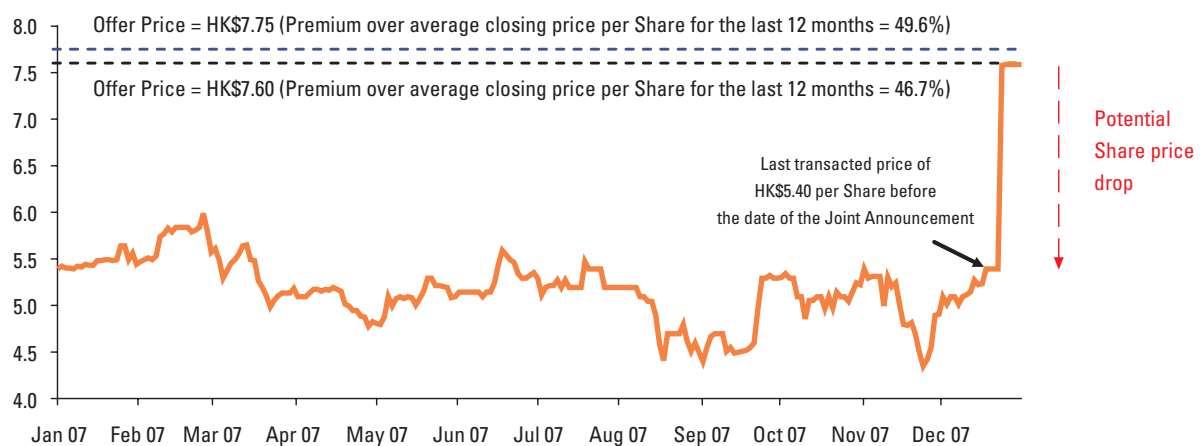
- HK\$7.60 for each Share that you tender to Toll; or
- HK\$7.75 for each Share that you tender to Toll if the Compulsory Acquisition Condition is achieved.

Toll will also make an offer to all the Optionholders to cancel each existing Option in exchange for cash being an amount equal to HK\$7.60 per Option Share, or HK\$7.75 per Option Share (if the Compulsory Acquisition Condition is achieved), less in each case the exercise price per Option Share of the relevant Option.

3. BALtrans has never traded as high as HK\$7.60 per Share, and the BALtrans Share price may fall

BALtrans' shares have **NEVER TRADED AS HIGH AS HK\$7.60** since listing, prior to the date of the Joint Announcement.

Share price (HK\$)



Source: Bloomberg

Since the date of the Joint Announcement, Shares have been trading at an average closing price of HK\$7.61 per Share, which represents a premium of approximately 41% over the last transacted price before the date of the Joint Announcement of HK\$5.40 per Share. It is possible that the currently traded Share price is sustained by current market expectations in respect of the Offer, and that the Share price could fall if the Offer fails to become unconditional or the Shares remain listed after the Offer closes, particularly if Toll fails to meet the Compulsory Acquisition Condition and is required to place some of the Shares to maintain the public float requirements of the Stock Exchange.

4. Toll is likely to obtain control

Toll has received irrevocable undertakings to accept the Offer and the Option Offer from the founding Shareholders (including Mr. Anthony Lau, Mr. William Bird, Mr. David Wai, Asian Rim Company Limited and Tropical Holding Investment Inc.) holding approximately 43.5% of the total issued capital of BALtrans on a fully diluted basis assuming all outstanding Options are exercised in full, meaning that additional acceptances of only more than 6.5% are required for majority control of BALtrans to pass to Toll.

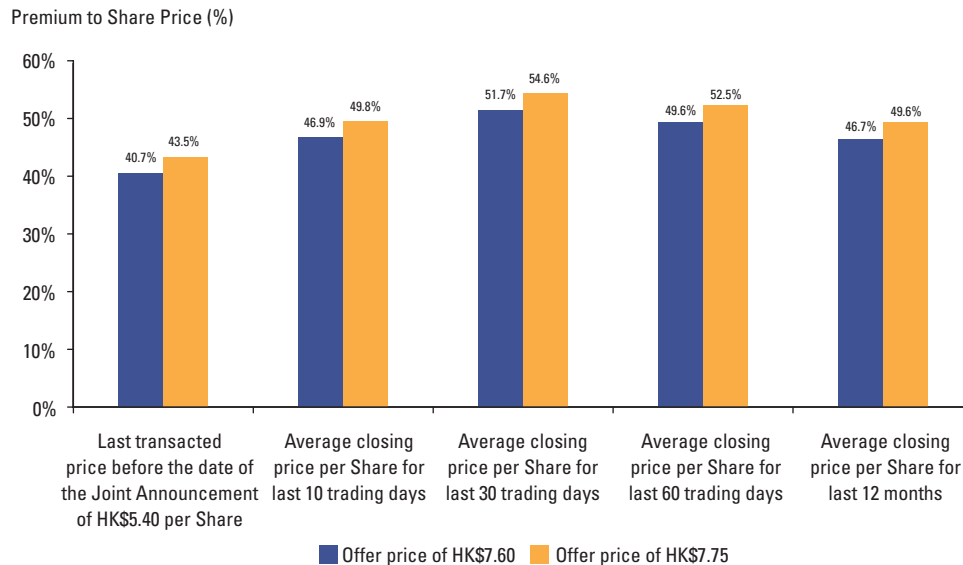
¹ A reference to Toll in this section is a reference to the Offeror. A reference to Offer in this section is a reference to the Share Offer.

² Toll is also making an offer to cancel all the Options as described in the Composite Document.

³ A reference to BALtrans in this section is a reference to the Company.

5. Both Offer prices represent an attractive premium

Both the Offer prices of HK\$7.60 and HK\$7.75 are at an **ATTRACTIVE PREMIUM** over the average closing prices per Share for various periods or dates in the last 12 months ended on the date of the Joint Announcement.



Source: Bloomberg

6. The Offer is recommended

Both the Independent Board Committee of BALtrans appointed to consider the Offer and the Option Offer and the Independent Financial Adviser have found the terms of the Offer and the Option Offer fair and reasonable **AND THE INDEPENDENT BOARD COMMITTEE OF BALTRANS RECOMMENDS** that the Shareholders and Optionholders accept the Offer and the Option Offer from Toll.

7. Toll plans to delist BALtrans

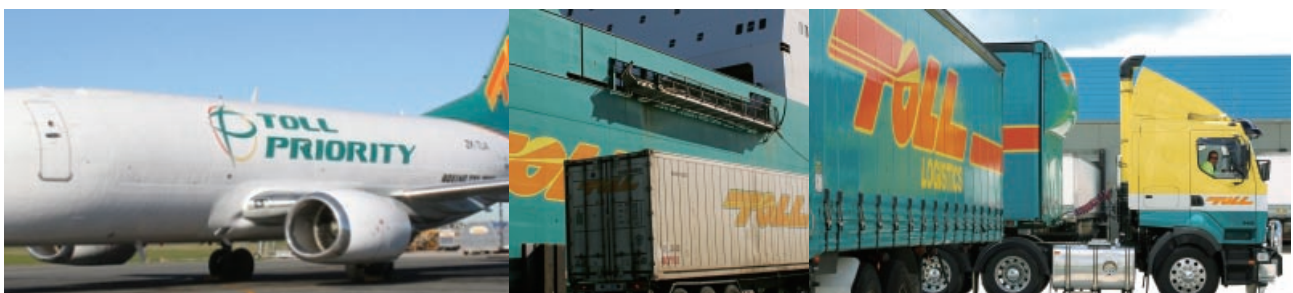
Toll intends to make the Compulsory Acquisition and seek a delisting of BALtrans from the Stock Exchange in the event it acquires not less than 90% in value of the Shares under the Offer.

8. 10-day cash payment terms

Shareholders who accept the Offer will be paid in cash **WITHIN 10 DAYS** after:

- The Offer becomes or is declared unconditional; or
- Receipt of valid acceptances where such acceptances were tendered after the Offer has become or been declared unconditional⁴.

⁴ In the event the Compulsory Acquisition Condition is achieved, please see the terms in relation to payment of the Enhanced Consideration or the Enhanced Offer Price (as applicable) as described in the sub-section headed "PAYMENT" under the section headed "THE OFFERS" in the letter from Standard Chartered Bank.



THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Composite Document or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **BALtrans Holdings Limited**, you should at once hand the Composite Document, together with the accompanying Form(s) of Acceptance, to the purchaser or the transferee or to the bank, the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of the Composite Document and the accompanying Form(s) of Acceptance, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Composite Document.



Toll (BVI) Limited

(Incorporated in British Virgin Islands with limited liability)



BALtrans Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 562)

**VOLUNTARY CONDITIONAL CASH OFFER BY
STANDARD CHARTERED BANK (HONG KONG) LIMITED
ON BEHALF OF TOLL (BVI) LIMITED
FOR ALL THE SHARES IN THE SHARE CAPITAL OF
BALTRANS HOLDINGS LIMITED
AND TO CANCEL ALL OUTSTANDING OPTIONS**

Financial adviser to Toll (BVI) Limited



Financial adviser to BALtrans Holdings Limited



Independent Financial Adviser to the Independent Board Committee



CIMB-GK Securities (HK) Limited

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in Appendix V of the Composite Document.

A letter from Standard Chartered Bank is set out on pages 3 to 17 of the Composite Document. A letter from the Board is set out on pages 18 to 22 of the Composite Document. A letter from the Independent Board Committee containing its advice to the Shareholders and the Optionholders is set out on pages 23 to 24 of the Composite Document. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Offers is set out on pages 25 to 39 of the Composite Document.

The procedures for acceptance and other information relating to the Offers are set out in Appendix I to the Composite Document and in the accompanying Form(s) of Acceptance. Acceptances of the Offers should be received by the Registrar (as regards the Share Offer) or the company secretary of the Company (as regards the Option Offer) no later than 4:00 p.m. on Tuesday, 12 February 2008 or such later time and/or date as the Offeror may announce with the permission of the Executive.

Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward the Composite Document and/or the Form(s) of Acceptance to any jurisdiction outside Hong Kong should read the details in this regard which are contained in the sub-section headed "Overseas Shareholders and Overseas Optionholders" under the section headed "The Offers" in the letter from Standard Chartered Bank on pages 11 to 12 of the Composite Document and in paragraphs 6 and 7(h) of Appendix I to the Composite Document before taking any action. It is the responsibility of each Overseas Shareholder and Overseas Optionholder wishing to accept the Offers to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements. Overseas Shareholders and Overseas Optionholders are recommended to seek professional advice on deciding whether to accept the Offers.

22 January 2008

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EXPECTED TIMETABLE

2008

Despatch date of the Composite Document
and commencement of the Offers Tuesday, 22 January

Latest time for acceptance
of the Offers on the first Closing Date 4:00 p.m. on Tuesday,
12 February

First Closing Date of the Offers (*Note 1*) Tuesday, 12 February

Announcement of the results of the Offers
as at the first Closing Date to be posted
on the Stock Exchange's website (*Note 1*) by 7:00 p.m. on Tuesday,
12 February

Latest date for posting of remittances for
the amounts due in respect of valid acceptances
received under the Offers on or before 4:00 p.m.
on the first Closing Date, assuming the Offers become,
or are declared, unconditional in all respects on
the first Closing Date (*Note 2*) Friday, 22 February

Latest time and date for acceptance
of the Offers, assuming the Offers become,
or are declared, unconditional in all respects
on the first Closing Date (*Note 3*) 4:00 p.m. on Tuesday,
26 February

Latest time by which the Offers can be declared
unconditional as to acceptances (*Note 4*) 7:00 p.m. on Tuesday,
25 March

Notes:

1. In accordance with the Takeovers Code, the Offers must remain open for at least 21 days following the date on which the Composite Document is posted. As stated above, the latest time for acceptance of the Offers is 4:00 p.m. on Tuesday, 12 February 2008. The Offeror reserves its right to extend the Offers until such date as it may announce with the permission of the Executive. The Offeror will publish an announcement on the Stock Exchange's website by 7:00 p.m. on Tuesday, 12 February 2008 stating the results of the Offers and whether the Offers have been revised or extended, have expired or have become or been declared unconditional (and, in such case, whether as to acceptances or in all respects). In any announcement of an extension of an offer, either the next closing date must be stated or, if the offer is unconditional as to acceptances, a statement may be made that the offer will remain open until further notice. In the latter case, at least 14 days' notice in writing will be given before the Offers are closed to those Shareholders and/or Optionholders who have not accepted the Offers and an announcement will be published.

EXPECTED TIMETABLE

2. Remittances in respect of the cash consideration payable for the Shares and the Options tendered under the Offers will be posted as soon as practicable, but in any event within 10 days from the later of the date on which the Offers become, or are declared, unconditional in all respects and the date of receipt of the duly completed Form(s) of Acceptance and all relevant documents by the Registrar from the Shareholders accepting the Share Offer or, in the case of the Option Offer, by the company secretary of the Company from the Optionholders accepting the Option Offer. However, in the event the Compulsory Acquisition Condition is satisfied, please see the terms in relation to the payment of the Enhanced Consideration or the Enhanced Offer Price (as applicable) as described in the sub-section headed "PAYMENT" under the section headed "THE OFFERS" in the letter from Standard Chartered Bank.
3. In accordance with the Takeovers Code, where the Offers become, or are declared, unconditional in all respects, the Offers should remain open for acceptances for not less than 14 days thereafter. In such case, at least 14 days' notice in writing must be given before the Offers are closed to those Shareholders and Optionholders who have not accepted the Offers.
4. In accordance with the Takeovers Code, except with the consent of the Executive, the Offers may not become, or be declared, unconditional as to acceptances after 7:00 p.m. on the 60th day after the day the Composite Document is despatched. As the 60th day after the day the Composite Document is despatched is not a Business Day, the period is extended until the next Business Day pursuant to the Takeovers Code.

Unless otherwise expressly stated, all time references contained in the Composite Document refer to Hong Kong time.

LETTER FROM STANDARD CHARTERED BANK



Standard Chartered Bank (Hong Kong) Limited
Standard Chartered Bank Building
4-4A Des Voeux Road Central
Hong Kong

22 January 2008

To the Shareholders and the Optionholders

Dear Sir or Madam,

**VOLUNTARY CONDITIONAL CASH OFFER BY
STANDARD CHARTERED BANK (HONG KONG) LIMITED
ON BEHALF OF TOLL (BVI) LIMITED
FOR ALL THE SHARES IN THE SHARE CAPITAL OF
BALTRANS HOLDINGS LIMITED
AND TO CANCEL ALL OUTSTANDING OPTIONS**

INTRODUCTION

On 19 December 2007, the Offeror and the Company jointly announced a voluntary conditional cash offer to be made by us on behalf of the Offeror to acquire all the issued shares and shares to be issued in the share capital of the Company pursuant to the exercise of the Options and to cancel all outstanding Options.

The Share Offer is conditional upon, amongst other matters, valid acceptances of the Share Offer being received by 4:00 p.m. on the Closing Date in respect of more than 50% in the voting rights of the Company on a fully diluted basis assuming all outstanding Options are exercised in full. Further conditions of the Share Offer are detailed in the section headed “**CONDITIONS OF THE OFFERS**” below. The Option Offer is subject to and conditional upon the Share Offer becoming or being declared unconditional in all respects.

As at the Latest Practicable Date, the Offeror has received Irrevocable Undertakings from the Committed Shareholders to accept the Offers in respect of a total of 138,644,175 Shares (representing approximately 44.4% of the total issued share capital of the Company as at the Latest Practicable Date) and Options in respect of 3,600,000 Option Shares (together such Shares and Options representing approximately 43.5% of the total issued share capital of the Company on a fully diluted basis assuming all outstanding Options are exercised in full) held by them or under their control, on the same terms as the Offers. Details of the Irrevocable Undertakings are set out in Appendix IV to the Composite Document.

LETTER FROM STANDARD CHARTERED BANK

This letter sets out details of the terms of the Offers, information on the Offeror and the intentions of the Offeror regarding the Group. Further details of the terms of the Offers are set out under the paragraph headed “ACCEPTANCE AND SETTLEMENT” below, in Appendix I to the Composite Document and in the accompanying Form(s) of Acceptance.

Your attention is also drawn to the letter from the Board, the letter from the Independent Board Committee to the Shareholders and the Optionholders and the letter from the Independent Financial Adviser to the Independent Board Committee contained in the Composite Document.

THE OFFERS

Standard Chartered Bank, on behalf of the Offeror, hereby makes the Share Offer and the Option Offer on the following basis:

The Share Offer

Basic Offer Price for each Share HK\$7.60 in cash;

OR

Enhanced Offer Price (payable only if the Compulsory Acquisition Condition is satisfied) for each Share HK\$7.75 in cash.

The Option Offer

For cancellation of each Option Either HK\$7.60 in cash in respect of each underlying Option Share (if the Basic Offer Price is payable) OR HK\$7.75 in cash for each underlying Option Share (if the Enhanced Offer Price becomes payable), less in each case the exercise price per Option Share in respect of the relevant Option.

As at the Latest Practicable Date, the Company had 312,524,319 Shares in issue and outstanding Options entitling the Optionholders to subscribe for an aggregate of 14,550,000 Option Shares at an exercise price in the range of HK\$2.045 to HK\$5.85 per Option Share.

As at the Latest Practicable Date, save for any interests acquired pursuant to the Irrevocable Undertakings, none of the Offeror, Toll, their directors nor any persons acting in concert with any one of them, owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares.

LETTER FROM STANDARD CHARTERED BANK

As at the Latest Practicable Date, save for the Options disclosed above, the Company had no other outstanding convertible securities, warrants, options or derivatives in respect of the Shares and had not entered into any agreement for the issue of any convertible securities, warrants, options or derivatives in respect of the Shares.

Conditions of the Offers

The Share Offer is conditional on the satisfaction of the following conditions:

- (a) valid acceptances having been received no later than 4:00 p.m. on the Closing Date in respect of more than 50% of the voting rights of the Company on a fully diluted basis assuming all outstanding Options are exercised in full;
- (b) no relevant government, governmental, quasi-governmental, statutory or regulatory body, court or agency (together, the “**Authorities**”) in any jurisdiction having taken or instituted any action, proceedings, suit, investigation or enquiry, or enacted, made or proposed and there not continuing to be outstanding any statute, regulation or order or other requirement that would make the Offers void, unenforceable or illegal, or restrict or prohibit the implementation of, or impose any additional material conditions or obligations with respect to, the Offers or any part of it;
- (c) all authorisations, orders, grants, consents, licences, clearances, certificates, permissions and approvals (“**Authorisations**”) necessary or appropriate for or in connection with the Offers or control of the Company (except Authorisations required by Toll or its subsidiaries otherwise than in relation to the business and operations of the Group) from any Authority having been obtained and such Authorisations remaining in full force and effect, and all necessary or appropriate notifications, filings or applications having been made in connection with the Offers or control of the Company and all necessary waiting periods under any applicable statute or regulation having expired, lapsed or been terminated;
- (d) save as disclosed to the Offeror and including publicly disclosed through filings by the Company with the Stock Exchange up to 16 December 2007, any necessary third party consents required due to change of control as a result of the Offers pursuant to any agreement to which any member of the Group is a party which are material in the context of the Group as a whole having been obtained;
- (e) save as disclosed to the Offeror and including publicly disclosed through filings by the Company with the Stock Exchange up to 16 December 2007, there being no provision of any arrangement, agreement, licence or other instrument to which any member of the Group is a party or by or to which any such member or any of their assets may be bound or be subject which, as a consequence of the Offers, will result in, in each case to an extent which is material in the context of the Group taken as a whole:
 - (i) any monies borrowed or other indebtedness (actual or contingent) of any member of the Group being repayable or being capable of being declared payable prior to their stated maturity;

LETTER FROM STANDARD CHARTERED BANK

- (ii) the creation of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any member of the Group; or
 - (iii) any such arrangement, agreement, licence or other instrument being terminated or adversely modified or any obligation or liability arising thereunder;
- (f) save as disclosed to the Offeror and including publicly disclosed through filings by the Company with the Stock Exchange up to 16 December 2007, since 31 July 2007 (being the date to which the latest published audited accounts of the Company were made up), no member of the Group having, to an extent which materially and adversely affects the Group as a whole (except in the case of the matters referred to in (i) below in relation to the Company):
- (i) issued or authorised or proposed the issue of additional shares of any class, or securities convertible into any such shares, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities (other than shares issued pursuant to Options granted as at 31 July 2007 under the Share Option Scheme);
 - (ii) recommended, declared, paid or made any share bonus, dividend or other distribution other than to the Company or one of its wholly-owned subsidiaries;
 - (iii) merged with any body corporate or, other than in the ordinary course of business, acquired or disposed of any assets or authorised, proposed or announced any intention to do so;
 - (iv) issued, authorised or proposed the issue of any debentures or, save in the ordinary course of business, incurred or increased any indebtedness or contingent liability;
 - (v) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or redeemed or reduced or made any other change to any part of its share capital;
 - (vi) taken any corporate action, or had any legal proceedings (save for vexatious and groundless proceedings) instituted or threatened against it, in respect of its winding-up (voluntary or otherwise), dissolution or reorganisation or any analogous proceedings in any applicable jurisdiction; or
 - (vii) entered into any contract, commitment or agreement with respect to any of the foregoing.
- (g) save as disclosed to the Offeror and including publicly disclosed through filings by the Company with the Stock Exchange up to 16 December 2007, since 31 July 2007 (being the date to which the latest published audited accounts of the Company were made up):
- (i) there having been no material adverse change in the business, assets, liabilities, financial or trading position or prospects of any member of the Group to an extent which is material in the context of the Group taken as a whole; or

LETTER FROM STANDARD CHARTERED BANK

- (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings (save for vexatious and groundless proceedings) having been instituted by or remaining outstanding against any member of the Group (whether as plaintiff or defendant or otherwise), and no such proceedings having been threatened against any member of the Group the result of which is expected to materially and adversely affect the Group taken as a whole;

The Offeror reserves the right to waive conditions (b) to (g) above either in whole or in part.

The Option Offer is subject to and conditional upon the Share Offer becoming or being declared unconditional in all respects.

The procedures for acceptance and further terms of the Offers are set out in Appendix I to the Composite Document.

Comparison of value

Under the Share Offer, the Basic Offer Price and Enhanced Offer Price represent:

- (a) a premium of approximately 65.2% and 68.5%, respectively, over the closing price of HK\$4.60 per Share as quoted on the Stock Exchange on the last trading day before 20 September 2007* (being the commencement of the offer period as defined in the Takeovers Code);
- (b) a premium of approximately 40.7% and 43.5%, respectively, over the closing price of HK\$5.40 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a premium of approximately 46.9% and 49.8%, respectively, over the average closing price of approximately HK\$5.17 per Share as quoted on the Stock Exchange for the last 10 trading days immediately prior to and including the Last Trading Day;
- (d) a premium of approximately 51.7% and 54.6%, respectively, over the average closing price of approximately HK\$5.01 per Share as quoted on the Stock Exchange for the last 30 trading days immediately prior to and including the Last Trading Day;
- (e) a premium of approximately 49.6% and 52.5%, respectively, over the average closing price of approximately HK\$5.08 per Share as quoted on the Stock Exchange for the last 60 trading days immediately prior to and including the Last Trading Day;
- (f) a premium of approximately 46.7% and 49.6%, respectively, over the average closing price of approximately HK\$5.18 per Share as quoted on the Stock Exchange for the last 12 months immediately prior to and including the Last Trading Day;

* On 20 September 2007, the Company made an announcement that it received a number of expressions of interest to acquire at least a controlling stake in the Company by purchase of Shares from existing Shareholders.

LETTER FROM STANDARD CHARTERED BANK

- (g) a discount of approximately 0.3% and a premium of approximately 1.7%, respectively over the closing price of HK\$7.62 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (h) a premium of approximately 268.9% and 276.2%, respectively, over the Group's consolidated net assets value as at 31 July 2007 of approximately HK\$2.06 per Share on a fully diluted basis.

Please refer to the paragraph headed “**MARKET PRICES**” in Appendix III to the Composite Document for further information on the market prices of the Shares.

Irrevocable Undertakings

The Offeror has received Irrevocable Undertakings from each of the Committed Shareholders to accept the Offers in respect of a total of 138,644,175 Shares (representing approximately 44.4% of the total issued share capital of the Company as at the Latest Practicable Date) and Options in respect of 3,600,000 Option Shares (together such Shares and Options representing approximately 43.5% of the total issued share capital of the Company on a fully diluted basis assuming all outstanding Options are exercised in full) and other Shares which may be held by them or under their control after 16 December 2007, on the same terms as the Offers. Pursuant to the terms of the Irrevocable Undertakings, the Committed Shareholders are required to accept the Share Offer no later than 1:00 p.m. on the third Business Day after the despatch of the Composite Document provided that the Composite Document and Form(s) of Acceptance are sent by hand to each of them or Jennifer Cheung & Co, Unit A, 19/F., Two Chinachem Plaza, 68 Connaught Road Central, Hong Kong on the date of despatch of the Composite Document or during the morning of the next day. An announcement will be made after the acceptance deadline for the Committed Shareholders for the purpose of confirming whether the Committed Shareholders have accepted the Offers pursuant to the Irrevocable Undertakings. Further, Mr. Anthony Lau and Mr. David Wai may exercise their respective Options within 7 calendar days of the despatch of the Composite Document and accept the Share Offer in respect of the Shares issued by the Company pursuant to such exercise of their respective Options. The Irrevocable Undertakings will lapse if the Offeror breaches any of its obligations pursuant to the terms of the Commitment Letter or if the Offers lapse or are withdrawn. Details of the Irrevocable Undertakings are set out in Appendix IV to the Composite Document.

Dealing in the Shares and other securities by the Offeror during the Relevant Period

None of the Offeror, Toll, their directors nor any persons acting in concert with any one of them, had dealt in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares and had not entered into any agreement to subscribe for any convertible securities, warrants, options or derivatives in respect of the Shares during the Relevant Period.

Highest and lowest closing Share prices

The highest and lowest closing prices per Share as quoted on the Stock Exchange during the Relevant Period were HK\$7.62 per Share on 2 January 2008 and HK\$4.35 per Share recorded on 22 November 2007 respectively.

LETTER FROM STANDARD CHARTERED BANK

Total consideration and financial resources

If the Compulsory Acquisition Condition is not satisfied and the Basic Offer Price of HK\$7.60 per Share is payable, the value of the Offers (assuming all the outstanding Options are exercised in full and the Option Shares are the subject of acceptances under the Share Offer) would be approximately HK\$2,485.76 million.

If the Compulsory Acquisition Condition is satisfied and the Enhanced Offer Price of HK\$7.75 per Share becomes payable, the value of the Offers (assuming all the outstanding Options are exercised in full and the Option Shares are the subject of acceptances under the Share Offer) would be approximately HK\$2,534.83 million.

The Offers will be financed from existing bank facilities available to the Offeror that are in place with National Australia Bank Limited and Commonwealth Bank of Australia Limited. Standard Chartered Bank is satisfied that sufficient financial resources are available to the Offeror to meet acceptances of the Offers in full. The payment of interest on or repayment of or security for the banking facilities will not depend on the business of the Group.

Effects of accepting the Offers

By accepting the Share Offer, the Shareholders will sell their Shares to the Offeror free from all liens, charges, claims and encumbrances and any third party rights together with all rights attached to them, including the right to receive all dividends and distribution declared, paid or made on or after the date of the Joint Announcement (except the final dividend of up to HK\$0.063 per Share for the year ended 31 July 2007). By accepting the Option Offer, the Optionholders will renounce and surrender to the Company all of their existing rights in respect of the Options.

Payment

Prior to the satisfaction of the Compulsory Acquisition Condition, the Basic Offer Price payable for the Shares and the consideration payable for the Options (being HK\$7.60 in respect of each underlying Option Share less the exercise price per Option Share in respect of the relevant option) tendered under the Offers will be posted as soon as practicable, but in any event within 10 days of the later of the date on which the Offers become, or are declared, unconditional in all respects and the date of receipt of the duly completed Form(s) of Acceptance and all relevant documents by the Registrar from the Shareholders accepting the Share Offer or, in the case of the Option Offer, by the company secretary of the Company from the Optionholders accepting the Option Offer.

LETTER FROM STANDARD CHARTERED BANK

In the event of the satisfaction of the Compulsory Acquisition Condition (i) the Enhanced Consideration shall be paid as soon as practicable, but in any event within 10 days of the Compulsory Acquisition Condition being satisfied, to the Basic Offer Acceptors in respect of the Shares and/or the Options tendered for acceptance during the period prior to the satisfaction of the Compulsory Acquisition Condition and in respect of which only the Basic Offer Price for the Shares and/or the consideration calculated based on the Basic Offer Price in respect of the Options have been paid, and (ii) in respect of Shares and/or Options tendered under the Offers for which the Basic Offer Price for the Shares and/or the consideration calculated based on the Basic Offer Price in respect of the Options have not been paid, the Enhanced Offer Price payable for the Shares and the consideration payable for the Options (being HK\$7.75 in respect of each underlying Option Share less the exercise price per Option Share in respect of the relevant Option) will be paid as soon as practicable, but in any event within 10 days of the later of the date on which the Offers become, or are declared, unconditional in all respects and the date of receipt of the duly completed Form(s) of Acceptance and all relevant documents by the Registrar from such Shareholders accepting the Share Offer at such time or, in the case of the Option Offer, by the company secretary of the Company from such Optionholders accepting the Option Offer at such time.

Hong Kong stamp duty

Hong Kong stamp duty at a rate of 0.1% of the amount of the consideration (rounded up to the nearest dollar) payable and calculated in accordance with the practice of the Collector of Stamp Revenue will be deducted from the cash amount payable to the Shareholders who accept the Share Offer. The Offeror will bear its own portion of stamp duty and will pay the seller's stamp duty so deducted to the Collector of Stamp Revenue on behalf of the accepting Shareholders.

Compulsory acquisition and listing status of the Company

To the extent applicable and pursuant to the compulsory acquisition rights under the Companies Act, if the Offeror acquires not less than 90% in value of the Shares in respect of which the Share Offer is made, it is the intention of the Offeror to exercise its rights under the provisions of Section 102 of the Companies Act to compulsorily acquire those Shares not acquired by the Offeror pursuant to the Share Offer, and then proceed to withdraw the listing of the Shares from the Stock Exchange.

Alternatively, if the Offeror holds not less than 95% of the issued share capital of the Company, whether pursuant to the Share Offer or otherwise, it is the intention of the Offeror to exercise its rights under the provisions of Section 103 of the Companies Act to compulsorily acquire all those Shares not held at that time by the Offeror, and then proceed to withdraw the listing of the Shares from the Stock Exchange.

Pursuant to Rule 2.11 of the Takeovers Code, the Offeror may only use such compulsory acquisition rights if the Offeror acquires not less than 90% of the disinterested shares (as defined under the Takeovers Code) during the period of four months after the date of despatch of the Composite Document.

LETTER FROM STANDARD CHARTERED BANK

Maintaining the listing

If the Offeror does not become entitled to exercise such powers of compulsory acquisition set out above (whether by reason of not acquiring 90% of the Shares or otherwise) within four months from the date of despatch of the Composite Document, it is the Offeror's intention to maintain the listing of the Company on the Stock Exchange. If the Company's listing is maintained on the Stock Exchange, the Offeror will, together with the Company and the Directors, undertake to the Stock Exchange to take steps to ensure that at least 25% of the Shares are held by the public in compliance with the Listing Rules following the closing of the Offers.

If, at the closing of the Offers, less than 25% of the Shares are held by the public, or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- there are insufficient Shares in public hands to maintain an orderly market,

then the Stock Exchange may exercise its power to suspend trading in the Shares of the Company.

As such, it should be noted that, following the completion of the Offers, the number of Shares which remain in public hands may be insufficient to satisfy the minimum requirement under the Listing Rules, and therefore the trading in the Shares may be suspended until the required percentage of Shares held by the public is restored.

Overseas Shareholders and Overseas Optionholders

The Offers are being made to all Shareholders and Optionholders including the Overseas Shareholders and Overseas Optionholders. As the making of the Offers to Overseas Shareholders and Overseas Optionholders may be affected by the laws of the relevant jurisdictions, Overseas Shareholders and Overseas Optionholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of each Overseas Shareholder and Overseas Optionholder wishing to accept the Offers to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements. Any such Overseas Shareholder and Overseas Optionholder will be responsible for any such transfer or other taxes by whomsoever payable. Acceptances of the Offers by any such person will constitute a warranty by such person that such person is permitted under all applicable laws to receive and accept the Offers, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws. Overseas Shareholders and Overseas Optionholders are recommended to seek professional advice on deciding whether to accept the Offers.

LETTER FROM STANDARD CHARTERED BANK

Although the Offers are made to all Shareholders and Optionholders, the Composite Document has not been sent to the single Overseas Shareholder and the two Overseas Optionholders in Canada due to potential restrictions on sending the Composite Document into Canada. The Offeror has applied for and received a waiver from the Executive from strict compliance with Rule 8.1 of the Takeovers Code pursuant to Note 3 to Rule 8 of the Takeovers Code so that the Offeror may exclude such Overseas Shareholder and Overseas Optionholders from receiving the Composite Document in Canada. Such Overseas Shareholder and Overseas Optionholders who wish to collect a copy of the Composite Document and the accompanying Form(s) of Acceptance may do so from the Registrar, Tricor Abacus Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong.

Persons, including without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward the Composite Document and/or Form(s) of Acceptance to any jurisdiction outside of Hong Kong should read the details in this regard which are contained in paragraphs 6 and 7(h) of Appendix I to the Composite Document before taking any action.

INFORMATION ON THE COMPANY AND THE GROUP

Information on the Company and the Group is set out in the section headed “**INFORMATION ON THE COMPANY AND THE GROUP**” in the letter from the Board on page 21 of the Composite Document.

INFORMATION ON THE OFFEROR

The Offeror is a limited liability company incorporated in BVI and its principal activity is to act as an investment holding company. The ultimate controlling shareholder of the Offeror is Toll, a limited liability company incorporated under the laws of Victoria, Australia, whose shares are listed on the Australian Securities Exchange. The principal areas of business of Toll and those entities controlled by Toll are transportation via road, rail, sea and air, warehousing and distribution, international freight forwarding and supply chain management within the Asia Pacific region.

INTENTIONS OF THE OFFEROR REGARDING THE GROUP

It is the intention of the Offeror that the existing principal activities of the Company will remain unchanged and the Offeror has no intention of disposing of any of its major assets or redeploying its fixed assets. The Offeror expects that changes will be made to the composition of the Board, which will be in compliance with the Takeovers Code and the Listing Rules. Further announcements will be made upon any change in Directors. Other than in respect of possible changes to the composition of the Board, it is the intention of the Offeror that there will not be any material changes in the management or employees of the Group as a result of the Offers.

LETTER FROM STANDARD CHARTERED BANK

REASONS FOR THE OFFERS

It is the vision of Toll to become the most successful provider of integrated total logistics solutions in the Asia region. In pursuit of this vision, Toll is implementing corporate strategies which include accelerating growth momentum through organic growth and strategic acquisitions.

Toll and its subsidiaries already operate one of the most extensive supply chain and in-country physical distribution networks in Asia, with operations across the region in countries including China, Hong Kong, India, Indonesia, Japan, Malaysia, Myanmar, Philippines, Singapore, South Korea, Sri Lanka, Thailand, Vietnam and the UAE.

The directors of Toll believe that Toll and its subsidiaries and the Group have highly complementary businesses in terms of strategy, focus, capability, customers and industry segments with growth-oriented cultures. The Company is a key element of Toll's Asian growth strategy and provides a global freight forwarding network from a strong Asian base. The directors of Toll believe that the two groups will be able to leverage on each other's core capabilities and customers to:

- (a) advance the combined Asia-Pacific regional capability and network;
- (b) strengthen the global freight forwarding network;
- (c) enhance product and service offerings;
- (d) increase market penetration; and
- (e) enhance growth momentum.

TAXATION

Shareholders and Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Offers. It is emphasised that none of the Company, the Offeror or Standard Chartered Bank or any of their respective directors or any persons involved in the Offers accepts responsibility for any tax effects on or liabilities of any person or persons as a result of their acceptance of the Offers.

The Composite Document does not include any information in respect of overseas taxation. Shareholders who may be subject to overseas tax are recommended to consult their tax advisers regarding the implications in the relevant jurisdiction of owning and disposing of the Shares.

LETTER FROM STANDARD CHARTERED BANK

ACCEPTANCE AND SETTLEMENT

(a) Procedures for acceptance of the Offers

(i) *The Share Offer*

To accept the Share Offer, you should complete and sign the accompanying White Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Share Offer.

The completed and signed White Form of Acceptance should then be forwarded, together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for not less than the number of Shares in respect of which you intend to accept the Share Offer, by post or by hand to the Registrar, Tricor Abacus Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong marked "BHL Share Offer" on the envelope, as soon as practicable after receipt of the Composite Document and in any event no later than 4:00 p.m. on Tuesday, 12 February 2008 or such later time and/or date as the Offeror may announce with the permission of the Executive.

(ii) *The Option Offer*

To accept the Option Offer, you should complete and sign the accompanying Yellow Form of Acceptance which is also obtainable from the principal place of business of the Company at 8th Floor, Tower A, New Mandarin Plaza, 14 Science Museum Road, Tsim Sha Tsui East, Kowloon, Hong Kong in accordance with the instructions printed thereon, which instructions form part of the terms of the Option Offer.

The completed and signed Yellow Form of Acceptance should then be forwarded, together with the relevant certificate(s) of the Options stating the number of Option Shares in respect of which you intend to accept the Option Offer, by post or by hand to the company secretary of the Company at Rooms 711-716, 7th Floor, Tower B, New Mandarin Plaza, 14 Science Museum Road, Tsim Sha Tsui East, Kowloon, Hong Kong marked "BHL Option Offer" on the envelope, as soon as practicable after receipt of the Composite Document and in any event no later than 4:00 p.m. on Tuesday, 12 February 2008 or such later time and/or date as the Offeror may announce with the permission of the Executive.

LETTER FROM STANDARD CHARTERED BANK

(b) Settlement of the Offers

(i) *The Share Offer*

Subject to the provisions in the following paragraph and provided that the relevant White Form of Acceptance, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), if applicable, are in complete and good order in all respects and received by the Registrar no later than 4:00 p.m. of Tuesday, 12 February 2008 (or such later time and/or date as the Offeror may announce with the permission of the Executive), a cheque in Hong Kong dollars for the amount representing the cash consideration (after deducting the relevant stamp duty as outlined above under the sub-section headed “**HONG KONG STAMP DUTY**” under the section headed “**THE OFFERS**” payable by you in respect of the Shares tendered by you) due to you in respect of the Shares tendered by you under the Share Offer will be despatched to you by ordinary post at your own risk as soon as practicable but in any event within 10 days from the later of the date on which the Offers become, or are declared, unconditional in all respects and the date of receipt of the duly completed Form(s) of Acceptance and all relevant documents by the Registrar from the Shareholders accepting the Share Offer.

In the event of the satisfaction of the Compulsory Acquisition Condition (i) the Enhanced Consideration shall be paid as soon as practicable, but in any event within 10 days of the Compulsory Acquisition Condition being satisfied, to the Basic Offer Acceptors in respect of the Shares tendered under the Share Offer for acceptance during the period prior to the satisfaction of the Compulsory Acquisition Condition and in respect of which only the Basic Offer Price has been paid; and (ii) in respect of Shares tendered under the Share Offer for which the Basic Offer Price has not been paid, the Enhanced Offer Price payable for the Shares will be paid as soon as practicable, but in any event within 10 days of the later of the date on which the Offers become, or are declared, unconditional in all respects and the date of receipt of the duly completed Form(s) of Acceptance and all relevant documents by the Registrar from such Shareholders accepting the Share Offer at such time.

(ii) *The Option Offer*

Subject to the provisions in the following paragraph and provided that the relevant Yellow Form of Acceptance and certificate(s) of the Options is in complete and good order in all respects and received by the company secretary of the Company no later than 4:00 p.m. on Tuesday, 12 February 2008 (or such later time and/or date as the Offeror may announce with the permission of the Executive), a cheque for the amount representing the cash consideration due to you in respect of the number of Options tendered by you for cancellation under the Option Offer will be despatched to you by ordinary post at your own risk as soon as practicable but in any event within 10 days from the date on which the Offers become, or are declared,

LETTER FROM STANDARD CHARTERED BANK

unconditional in all respects and the date of receipt of the duly completed Form(s) of Acceptance and all relevant documents by the company secretary of the Company from the Optionholders accepting the Option Offer.

In the event of the satisfaction of the Compulsory Acquisition Condition (i) the Enhanced Consideration shall be paid as soon as practicable, but in any event within 10 days of the Compulsory Acquisition Condition being satisfied, to the Basic Offer Acceptors in respect of the Options tendered under the Option Offer for acceptance during the period prior to the satisfaction of the Compulsory Acquisition Condition and in respect of which only the consideration calculated based on the Basic Offer Price has been paid; and (ii) in respect of Options tendered under the Option Offer for which the consideration based on the Basic Offer Price has not been paid, the consideration payable for the Options (being HK\$7.75 in respect of each underlying Option Share less the exercise price per Option Share in respect of the relevant Option) will be paid as soon as practicable, but in any event within 10 days of the later of the date on which the Offers become, or are declared, unconditional in all respects and the date of receipt of the duly completed Form(s) of Acceptance and all relevant documents by the company secretary of the Company from such Optionholders accepting the Option Offer at such time.

- (iii) Settlement of the consideration to which any Shareholder and/or Optionholder is entitled under the Offers will be implemented in full in accordance with the terms of the Offers (save in respect of the payment of stamp duty as outlined above under the sub-section headed “**HONG KONG STAMP DUTY**” under the section headed “**THE OFFERS**”) without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Shareholder and/or Optionholder.

GENERAL

To ensure equality of treatment of all Shareholders, those Shareholders who hold Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of Shares, whose investments are registered in nominee names, to accept the Share Offer, it is essential that they provide instructions of their intentions with regard to the Share Offer to their nominees.

The attention of the Overseas Shareholders and the Overseas Optionholders is drawn to paragraphs 6 and 7(h) of Appendix I to the Composite Document.

LETTER FROM STANDARD CHARTERED BANK

Stockbrokers, banks and others who deal in relevant securities of the Company on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules pursuant to the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any seven day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.

All documents and remittances sent to the Shareholders and the Optionholders by post will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to the Shareholders and the Optionholders at their addresses as they appear in the register of members of the Company or the register of Optionholders (as the case may be), and in the case of joint Shareholders, to the Shareholder whose name appears first in the register of members of the Company, as applicable. None of the Offeror, the Company, Standard Chartered Bank or any of their respective directors or any other person involved in the Offers will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

ADDITIONAL INFORMATION

Your attention is also drawn to the accompanying Form(s) of Acceptance and the additional information set out in the appendices which form part of the Composite Document.

Yours faithfully,
For and on behalf of
Standard Chartered Bank (Hong Kong) Limited
Mark Cheung
Managing Director
Corporate Finance & Advisory

LETTER FROM THE BOARD



BALtrans Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 562)

Executive Directors:

Mr. Lau Siu Wing Anthony

Mr. Ng Hooi Chong

Mr. Tetsu Toyofuku

Registered office:

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

Non-executive Directors:

Mr. William Hugh Purton Bird

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

22 January 2008

To the Shareholders and the Optionholders

Dear Sir or Madam,

**VOLUNTARY CONDITIONAL CASH OFFER BY
STANDARD CHARTERED BANK (HONG KONG) LIMITED
ON BEHALF OF TOLL (BVI) LIMITED
TO ACQUIRE ALL THE SHARES IN THE SHARE CAPITAL OF
BALTRANS HOLDINGS LIMITED
AND TO CANCEL ALL OUTSTANDING OPTIONS**

INTRODUCTION

On 19 December 2007, the Offeror and the Company jointly announced that Standard Chartered Bank, on behalf of the Offeror, intended to make a voluntary conditional cash offer to acquire all the issued shares and shares to be issued in the share capital of the Company pursuant to the exercise of Options and to cancel all outstanding Options.

LETTER FROM THE BOARD

Mr. Yu Hon To David, Ms. Lau Kin Yee Miriam and Mr. Ng Cheung Shing, all of whom are independent non-executive Directors and who have no direct or indirect interest in the Offers, have been appointed as members of the Independent Board Committee to make a recommendation in respect of the Offers to the Shareholders and the Optionholders. As Mr. David Wai and Mr. William Bird, both being non-executive Directors, have an interest in the Offers due to the Irrevocable Undertakings, they are not appointed as members of the Independent Board Committee. CIMB-GK Securities (HK) Limited has been approved by the Independent Board Committee to act as the independent financial adviser to advise the Independent Board Committee on the Offers.

N M Rothschild & Sons (Hong Kong) Limited has been appointed as the financial adviser to the Company in respect of the Offers.

The purpose of the Composite Document is to provide you with, among other matters, information relating to the Group, the Offeror and the Offers as well as setting out the letter from the Independent Board Committee containing its recommendation to the Shareholders and the Optionholders in respect of the Offers and the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Offers.

THE OFFERS

The Share Offer is being made on the following basis:

Basic Offer Price for each Share HK\$7.60 in cash;

OR

Enhanced Offer Price (payable only if the Compulsory
Acquisition Condition is satisfied) for each Share HK\$7.75 in cash.

The Offeror is also making an offer to all Optionholders to cancel each existing Option in exchange for cash being an amount equal to HK\$7.60 per underlying Option Share (if the Basic Offer Price is payable) or HK\$7.75 per Option Share (if the Enhanced Offer Price becomes payable), less in each case the exercise price per Option Share in respect of the relevant Option.

Details of the Offers are set out in the letter from Standard Chartered Bank on pages 3 to 17 of the Composite Document, Appendix I to the Composite Document and the accompanying Form(s) of Acceptance.

LETTER FROM THE BOARD

COMPARISON OF VALUE

Under the Share Offer, the Basic Offer Price and Enhanced Offer Price represent:

- (i) a premium of approximately 65.2% and 68.5%, respectively, over the closing price of HK\$4.60 per Share as quoted on the Stock Exchange on the last trading day before 20 September 2007* (being the commencement of the offer period as defined in the Takeovers Code);
- (ii) a premium of approximately 40.7% and 43.5%, respectively, over the closing price of HK\$5.40 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (iii) a premium of approximately 46.9% and 49.8%, respectively, over the average closing price of approximately HK\$5.17 per Share as quoted on the Stock Exchange for the last 10 trading days immediately prior to and including the Last Trading Date;
- (iv) a premium of approximately 51.7% and 54.6%, respectively, over the average closing price of approximately HK\$5.01 per Share as quoted on the Stock Exchange for the last 30 trading days immediately prior to and including the Last Trading Date;
- (v) a premium of approximately 49.6% and 52.5%, respectively, over the average closing price of approximately HK\$5.08 per Share as quoted on the Stock Exchange for the last 60 trading days immediately prior to and including the Last Trading Date;
- (vi) a premium of approximately 46.7% and 49.6%, respectively, over the average closing price of approximately HK\$5.18 per Share as quoted on the Stock Exchange for the last 12 months immediately prior to and including the Last Trading Date;
- (vii) a discount of approximately 0.3% and a premium of approximately 1.7%, respectively, over the closing price of HK\$7.62 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (viii) a premium of approximately 268.9% and 276.2%, respectively, over the Group's consolidated net assets value as at 31 July 2007 of approximately HK\$2.06 per Share on a fully diluted basis.

* On 20 September 2007, the Company made an announcement that it received a number of expressions of interest to acquire at least a controlling stake in the Company by purchase of Shares from existing Shareholders.

LETTER FROM THE BOARD

IRREVOCABLE UNDERTAKINGS

The Offeror has received Irrevocable Undertakings from each of the Committed Shareholders to accept the Offers in respect of a total of 138,644,175 Shares (representing approximately 44.4% of the total issued share capital of the Company as at the Latest Practicable Date) and Options in respect of 3,600,000 Option Shares (together such Shares and Options, representing approximately 43.5% of the total issued share capital of the Company on a fully diluted basis assuming all outstanding Options are exercised in full) and other Shares which may be held by them or under their control after 16 December 2007, on the same terms as the Offers. Pursuant to the terms of the Irrevocable Undertakings, the Committed Shareholders are required to accept the Share Offer no later than 1:00 p.m. on the third Business Day after the despatch of the Composite Document provided that the Composite Document and Form(s) of Acceptance are sent by hand to each of them or Jennifer Cheung & Co, Unit A, 19/F., Two Chinachem Plaza, 68 Connaught Road Central, Hong Kong on the date of despatch of the Composite Document or during the morning of the next day. An announcement will be made after the acceptance deadline for the Committed Shareholders for the purpose of confirming whether the Committed Shareholders have accepted the Offers pursuant to the Irrevocable Undertakings. Further, Mr. Anthony Lau and Mr. David Wai may exercise their respective Options within 7 calendar days of the despatch of the Composite Document and accept the Share Offer in respect of the Shares issued by the Company pursuant to such exercise of their respective Options. The Irrevocable Undertakings will lapse if the Offeror breaches any of its obligations pursuant to the terms of the Commitment Letter or if the Offers lapse or are withdrawn. Details of the Irrevocable Undertakings are set out in Appendix IV to the Composite Document.

FURTHER INFORMATION

Please also refer to the letter from Standard Chartered Bank and Appendix I to the Composite Document for information in relation to the Offers, the making of the Offers to the Overseas Shareholders and the Overseas Optionholders and acceptance and settlement procedures of the Offers.

INFORMATION ON THE COMPANY AND THE GROUP

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 audited consolidated profit before and after taxation of the Group for the year ended 31 July 2007 was approximately HK\$112 million and HK\$77 million respectively.

The audited consolidated profit before and after taxation of the Group for the year ended 31 July 2006 was approximately HK\$143 million and HK\$124 million respectively.

The audited total assets less current liabilities of the Group was approximately HK\$902 million and approximately HK\$728 million as at 31 July 2007 and 31 July 2006 respectively.

LETTER FROM THE BOARD

INFORMATION ON THE OFFEROR

To the best knowledge of the Directors, the Offeror is a limited liability company incorporated in BVI and its ultimate controlling shareholder is Toll. Please refer to the section headed “**INFORMATION ON THE OFFEROR**” in the letter from Standard Chartered Bank for more information about the Offeror.

INTENTIONS OF THE OFFEROR REGARDING THE GROUP

Your attention is drawn to the sections headed “**INTENTIONS OF THE OFFEROR REGARDING THE GROUP**” in the letter from Standard Chartered Bank.

The Shareholders should note that it is the intention of the Offeror that if the Offeror acquires not less than 90% in value of the Shares in respect of which the Share Offer is made, it will exercise its rights under the provisions of the Companies Act to compulsorily acquire those Shares not acquired by the Offeror pursuant to the Share Offer, and then proceed to withdraw the listing of the Shares from the Stock Exchange.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee and the letter from the Independent Financial Adviser which set out their recommendations and opinions in relation to the Offers and the principal factors considered by them before arriving at their recommendations. You are also advised to read the Composite Document and the accompanying Form(s) of Acceptance in respect of the acceptance and settlement procedures of the Offers.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



BALtrans Holdings Limited

(Incorporated in Bermuda with limited liability)
(Stock Code: 562)

22 January 2008

To the Shareholders and the Optionholders

Dear Sir or Madam,

**VOLUNTARY CONDITIONAL CASH OFFER BY
STANDARD CHARTERED BANK (HONG KONG) LIMITED
ON BEHALF OF TOLL (BVI) LIMITED
TO ACQUIRE ALL THE SHARES IN THE SHARE CAPITAL OF
BALTRANS HOLDINGS LIMITED
AND TO CANCEL ALL OUTSTANDING OPTIONS**

INTRODUCTION

We refer to the composite offer and response document (the “Composite Document”) dated 22 January 2008 jointly issued by the Offeror and the Company, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Composite Document unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider the terms of the Offers and to advise you as to whether, in our opinion, the terms of the Offers are fair and reasonable so far as the Shareholders and the Optionholders are concerned.

CIMB-GK Securities (HK) Limited has been appointed as the Independent Financial Adviser to the Independent Board Committee to advise us in respect of the terms of the Offers. Details of its advice and principal factors taken into consideration in arriving at its recommendation are set out in the letter from the Independent Financial Adviser contained in the Composite Document. The Independent Financial Adviser considers that the terms of the Offers are fair and reasonable so far as the Shareholders and Optionholders are concerned, and advise us to recommend the Shareholders and the Optionholders to accept the Offers.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

RECOMMENDATION

Having taken into account the terms of the Offers and the advice of the Independent Financial Adviser, we consider that the terms of the Offers are fair and reasonable so far as the Shareholders and the Optionholders are concerned and, accordingly, we recommend the Shareholders and the Optionholders that they should consider accepting the Offers.

Notwithstanding our recommendation, the Shareholders and the Optionholders should consider carefully the terms of the Offers.

Yours faithfully,

The Independent Board Committee

Yu Hon To David Lau Kin Yee Miriam Ng Cheung Shing

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from the Independent Financial Adviser to the Independent Board Committee, which has been prepared for the purpose of incorporation into the Composite Document, setting out its advice to the Independent Board Committee in connection with the Offers.



25/F Central Tower
28 Queen's Road Central
Hong Kong

22 January 2008

To the Independent Board Committee, the Shareholders and the Optionholders

Dear Sirs,

Voluntary Conditional Cash Offer by Standard Chartered Bank (Hong Kong) Limited on behalf of Toll (BVI) Limited, a wholly-owned subsidiary of Toll Holdings Limited, to acquire all the shares in the share capital of BALtrans Holdings Limited and to cancel all outstanding options

INTRODUCTION

We refer to our appointment, as approved by the Independent Board Committee, as the independent financial adviser to the Independent Board Committee, the Shareholders and the Optionholders in relation to the Offers, details of which are set out in the composite document of the Company dated 22 January 2008 (the "Composite Document"), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Composite Document unless the context requires otherwise.

An Independent Board Committee comprising Mr. Yu Hon To David, Ms. Lau Kin Yee Miriam and Mr. Ng Cheung Shing, being the three independent non-executive Directors, has been established to advise the Shareholders and the Optionholders and to give recommendations to the Shareholders and the Optionholders in respect of the terms of the Offers. In our capacity as the independent financial adviser to the Independent Board Committee, our role is to provide the Independent Board Committee with an independent opinion and recommendation as to whether the terms of the Offers are fair and reasonable and whether the Shareholders and Optionholders should accept the Share Offer and the Option Offer respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OPINION

In formulating our recommendation, we have relied on the information and facts provided by the Directors and contained or referred to in the Composite Document. The Directors have declared in a responsibility statement set out in Appendix III to the Composite Document that they collectively and individually accept full responsibility for the accuracy of the information contained in the Composite Document (in respect of the Group and the Committed Shareholders and their respective affiliates). We have assumed that the information and representations provided to us by the Directors or contained or referred to in the Composite Document were true and accurate at the time they were made and continue to be so up to the date of dispatch of the Composite Document. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors. We have also been advised by the Directors and believe that no material facts have been omitted from the Composite Document.

We consider that we have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our recommendation. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of the Company, the Offeror or any of their respective subsidiaries and associates.

We have not considered the tax implications on the Shareholders and the Optionholders of their acceptances or non-acceptances of the Share Offer and the Option Offer since this is particular to their own individual circumstances. In particular, the Shareholders and the Optionholders who are resident outside Hong Kong or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax position with regard to the Offers and, if in doubt, should consult their own professional advisers.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our advice for the Offers, we have considered the following principal factors and reasons:

I. Background and summary of the Offers

The Offeror and the Company jointly announced on 19 December 2007 that Standard Chartered Bank, on behalf of the Offeror, intended to make a voluntary conditional cash offer to acquire all the issued Shares and the Shares to be issued pursuant to the exercise of the Options and to cancel all outstanding Options.

As at the Latest Practicable Date, there were 312,524,319 Shares in issue and also outstanding Options that carry rights to subscribe for an aggregate of 14,550,000 Shares at an exercise price in the range of HK\$2.045 to HK\$5.85 per Option Share. The Offeror confirms that the Offeror and the parties acting in concert with it have no interests in the Shares nor do they have any interests in outstanding warrants or options or derivatives or securities convertible into Shares as at the Latest Practicable Date save for having been given by Irrevocable Undertakings by the Committed Shareholders.

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The consideration for the Offers is as follows:

For the Share Offer

Basic Offer Price for each Share HK\$7.60 in cash

or

Enhanced Offer Price (payable only if the Compulsory Acquisition Condition is satisfied) for each Share HK\$7.75 in cash

For the Option Offer

For cancellation of each Option. HK\$7.60 in cash in respect of each underlying Option Share (if the Basic Share Offer Price is payable) OR HK\$7.75 in cash for each underlying Option Share (if the Enhanced Offer Price becomes payable), less in each case the exercise price per Option Share of the relevant Option

As at the Latest Practicable Date, the Offeror has received Irrevocable Undertakings from the Committed Shareholders to accept the Offers in respect of a total of 138,644,175 Shares (representing approximately 44.4% of the total issued share capital of the Company as at the Latest Practicable Date) and Options in respect of 3,600,000 Option Shares (together such Shares and Options representing approximately 43.5% of the total issued share capital of the Company on a fully diluted basis assuming all the Options are exercised in full) held by them or under their control, on the same terms as the Offers. The Offers will become unconditional upon, among other things, valid acceptances having been received no later than 4:00 p.m. on the Closing Date in respect of more than 50% in the voting rights of the Company on a fully diluted basis assuming all outstanding Options are exercised in full. With the Irrevocable Undertakings (accounting for approximately 43.5% of the total issued share capital of the Company on a fully diluted basis assuming all outstanding Options are exercised in full) given by the Committed Shareholders, the Offeror will only be required to obtain an additional acceptances of (i) 21,292,985 Shares (on a fully diluted basis assuming all of the Options are exercised in full); and (ii) 17,617,985 Shares assuming no Options are being exercised, for it to satisfy the 50% acceptance condition under the Offers.

Further terms and conditions of the Offers, including the procedure for acceptance, are set out in the “Letter from Standard Chartered” of the Composite Document.

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II. Background of the Offeror, reasons for the Offers, its intention regarding the Group and proposed change of board composition

The Offeror is a limited liability company incorporated in BVI and its principal activity is to act as an investment holding company. The ultimate controlling shareholder of the Offeror is Toll whose shares are listed on the Australian Securities Exchange. As at the Latest Practicable Date, the market capitalisation of Toll was approximately Australian \$6.96 billion (HK\$47.66 billion). The principal areas of business of Toll are transportation via road, rail, sea and air, warehousing and distribution, international freight forwarding and supply chain management within the Asia Pacific region. Based on the latest published annual report of Toll, Toll recorded a net profit of approximately Australian \$1.28 billion (HK\$8.76 billion) for the year ended 30 June 2007 with a shareholders' equity of approximately Australian \$3.25 billion (HK\$22.3 billion) as at the same date.

It is the intention of the Offeror that the existing principal activities of the Company will remain unchanged and the Offeror has no intention of disposing of any of the major assets of the Group. It is the vision of Toll to become the most successful provider of integrated total logistics solutions in the Asia region. In pursuit of this vision, Toll is implementing corporate strategies which include accelerating growth momentum through organic growth and strategic acquisitions. Toll already operates a supply chain and in-country physical distribution networks in Asia, with operations across the region in countries including China, Hong Kong, India, Indonesia, Japan, Malaysia, Myanmar, Philippines, Singapore, South Korea, Sri Lanka, Thailand, Vietnam and the UAE. Toll considers the Company as a key element of its Asian growth strategy and provides a global freight forwarding network from a strong Asian base. The directors of Toll believe that the two groups will be able to leverage on each other's core capabilities and customers to enhance product and service offerings and growth momentum.

The Offeror expects that changes will be made to the composition of the board of directors of the Company, which will be in compliance with the Takeovers Code and the Listing Rules. Other than in respect of possible changes to the composition of the Board, it is the intention of the Offeror that there will not be any material changes in the management or employees of the Group as a result of the Offers. However, Shareholders should note that it is the intention of the Offeror to effect the Compulsory Acquisition if it acquires not less than 90% in value of the Shares in respect of which the Share Offer is made, and then proceed to withdraw the listing of the Shares from the Stock Exchange.

Based on the above, in particular the Offeror's business vision and network in the Asian region, its regards for the Company as its Asian growth strategy and its expected possible business leverage on the two groups, we consider that the Offers generally should not have material adverse impact on the continuity of the Group's principal business.

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III. Financial performance and future prospects of the Group

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. Set out below is a summary of the audited financial performance of the Group for the three years ended 31 July 2007:

	For the year ended 31 July		
	2005	2006	2007
	<i>HK\$ in</i>	<i>HK\$ in</i>	<i>HK\$ in</i>
	<i>million</i>	<i>million</i>	<i>million</i>
	<i>(Restated)</i>		
Turnover			
– Airfreight	2,197.4	2,392.2	2,418.0
– Seafreight	1,286.8	1,344.0	1,791.6
– Exhibition forwarding and household removal services	133.4	130.0	184.5
– Third party logistics	88.7	180.2	236.0
	3,706.3	4,046.4	4,630.1
Net profit before taxation	104.8	142.9	112.2
Profit attributable to shareholders	83.3	113.3	62.5

For the year ended 31 July 2006 (“FY2006”), the Group recorded a turnover of approximately HK\$4,046.4 million representing an increase of approximately 9% as compared with the previous year ended 31 July 2005 (“FY2005”) of approximately HK\$3,706.3 million. Such increase in turnover was attributable to the steady performance of the freight forwarding operation and the increase in third party logistics business. The profit attributable to Shareholders for FY2006 amounted to approximately HK\$113.3 million, representing an increase of approximately 36% as compared to approximately HK\$83.3 million reported in FY2005. Such increase in profit for FY2006 was mainly attributable to the increase in an one-off disposal gain, one-off net claim compensation and negative goodwill totalling HK\$39.8 million (the “One-off Gains”).

For the year ended 31 July 2007 (“FY2007”), the Group recorded a turnover of approximately HK\$4,630.1 million representing an increase of 14% as compared with those recorded in FY2006 of approximately HK\$4,046.4 million. The increase in turnover for FY2007 was mainly attributable to the increase in revenue contribution from the new Europe and Middle East Asia region driven by acquisitions and organic growth. The profit attributable to Shareholders for FY2007 amounted to approximately HK\$62.5 million, representing a decrease of approximately 45% from approximately HK\$113.3 million reported in FY2006. Such percentage of decrease would have reduced to approximately

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15% if the One-off Gains were excluded from the Group's FY2006 reported net profit. The decrease in net profit for FY2007 was mainly due to the weaker performance of the Group's Asian and North American operations resulting from the soft eastbound transpacific airfreight market, the PRC business restructuring expenses and management reshuffling expenses incurred during FY2007. The audited consolidated net asset value of the Group amounted to approximately HK\$618.0 million as at 31 July 2007.

As noted from the FY2007 annual report of the Company, the Group has been expanding and strengthening its global network coverage with new offices opened in France, Egypt and Qatar in FY2007, and the Group is now represented in 64 major cities in 23 countries. It is further stated in the Company's FY2007 annual report that with the recent completion of the consolidation of China service platform, the Board considers that the Group is well-positioned to capture the upside potential of the PRC market in the coming years, in light of the emergence of China in the global economy with enormous trade opportunities and logistics demand.

The Group's revenue was principally generated from airfreight and seafreight with principal markets in Hong Kong and the PRC. As noted from the Hong Kong Monthly Digest of Statistics issued by Census and Statistics Department of Hong Kong in October 2007, the total air cargo throughput of Hong Kong increased from 2.07 million tonnes in 2001 to 3.58 million tonnes in 2006, representing an average annual growth of approximately 12%. As further noted from the Hong Kong Shipping Statistics issued by Census and Statistics Department of Hong Kong for the third quarter of 2007, the total port cargo throughput of Hong Kong increased from 178.21 million tonnes in 2001 to 238.24 million tonnes in 2006, representing an average annual growth of approximately 5%. We also noted from the China Statistical Yearbook 2007 that the total freight traffic increased from 14.0 billion tonnes in 2001 to 20.4 billion tonnes in 2006, representing an annual growth of approximately 8%, in which airfreight traffic recorded a significant increase from 1.71 million tonnes in 2001 to 3.49 million tonnes in 2006. Given the growth in the logistics business in the Company's principal markets, the efforts expended by the Group in growing its global freight forwarding network, the completion of the consolidation of the Group's China service platform in FY2007, and the Company's positioning in the market being one of the largest Asia-based freight forwarding and logistics companies with an international network as stated in the Company's FY2007 annual report, we believe that the Group is well positioned to continue to take advantage of the growth in the demand for logistics services in its principal markets. We consider that as the market is efficient, all such public information relating to the growth prospects of the logistics business of the Group should have been factored and reflected in the price of the Shares, and our analysis on the Basic Offer Price to the market price of the Shares are set out in the section below.

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IV. Offer price for the Shares

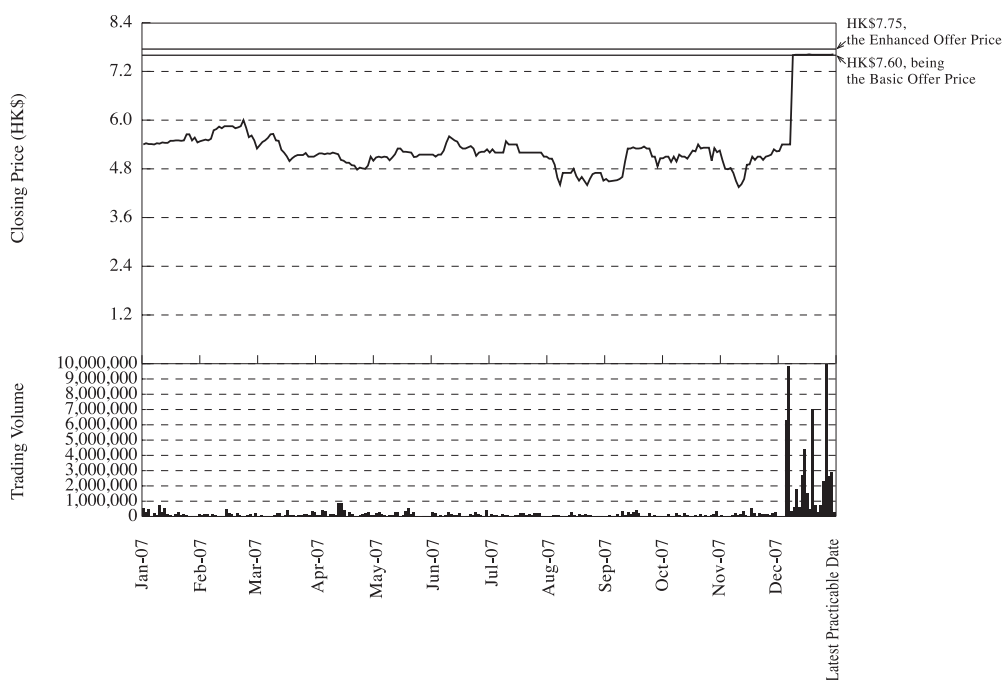
The Basic Offer Price and the Enhanced Offer Price represents:

Premium/ (discount) to the Shares (%)	Premium/ (discount) to Shares (Note) (%)	Share price reference
Basic Offer Price	Enhanced Offer Price	
40.7	43.5	– to the last closing price per Share as quoted on the Stock Exchange on 14 December 2007, being the last trading day (the “Last Trading Day”) prior to the date of the Joint Announcement;
44.5	47.3	– to the average closing price per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;
51.7	54.6	– to the average closing price per Share as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day;
(0.3)	1.7	– to the closing price per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
268.9	276.2	– to the consolidated net asset value on a fully-diluted basis of approximately HK\$2.06 per Share as at 31 July 2007

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(i) *Historical market price and liquidity of the Shares*

The following chart shows the closing price and trading volume of the Shares as quoted on the Stock Exchange since 1 January 2007 up to the Last Trading Day (the “Pre-Announcement Period”) and from 20 December 2007, the first day of trading after the publication of the Joint Announcement, up to the Latest Practicable Date (both dates inclusive) (the “Post-Announcement Period”):



Source: Bloomberg

As shown in the above chart, during the Pre-Announcement Period, the highest and lowest closing prices of the Shares as quoted on the Stock Exchange were HK\$6.00 per Share recorded on 26 February 2007, and HK\$4.35 per Share recorded on 22 November 2007 respectively. Throughout the Pre-Announcement Period, the closing prices of the Shares were well below the Basic Offer Price and the Enhanced Offer Price.

Following the publication of the Joint Announcement on 20 December 2007, the price of the Shares surged to close at the Basic Offer Price on that day and recorded a highest closing of HK\$7.62 throughout the Post-Announcement Period, the highest and lowest closing price of the Shares as quoted on the Stock Exchange was HK\$7.62 and HK\$7.60 (equivalent to the Basic Offer Price) per Share respectively. The Enhanced Offer Price represents a premium of approximately 1.71% and 1.97%, respectively, to such highest and lowest closing prices of the Shares recorded during the Post-Announcement Period.

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The following table sets out the trading volume of the Shares during the Pre-Announcement Period and the Post-Announcement Period:

	Total trading volume for the month/ period	Average daily trading volume for the month/ period	Percentage of average daily trading volume to total number of Shares in issue as at the Latest Practicable Date	Percentage of average daily trading volume to total number of Shares held by public Shareholders as at the Latest Practicable Date <i>(Note)</i>
2007				
<i>Pre-Announcement Period:</i>				
January	4,678,000	212,636	0.07%	0.28%
February	2,024,000	112,444	0.04%	0.15%
March	2,517,200	114,418	0.04%	0.15%
April	4,716,000	277,412	0.09%	0.36%
May	3,818,000	181,810	0.06%	0.24%
June	2,084,000	138,933	0.04%	0.18%
July	2,458,000	122,900	0.04%	0.16%
August	2,650,000	115,217	0.04%	0.15%
September	1,984,000	110,222	0.04%	0.14%
October	2,032,000	101,600	0.03%	0.13%
November	2,376,000	108,000	0.03%	0.14%
December (up to and including the Last Trading Day)	2,100,000	210,000	0.07%	0.27%
<i>Post-Announcement Period:</i>				
December (from 20 December to 31 December 2007)	19,556,000	3,259,333	1.04%	4.24%
January (up to and including the Latest Practicable Date)	36,173,000	2,782,538	0.89%	3.62%

Source: Bloomberg

Note: Based on 76,825,774 Shares held by public Shareholders as at the Latest Practicable Date, to the best knowledge of the Company.

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As illustrated in the table above, the average daily trading volume of the Shares in each month during the Pre-Announcement Period ranged from 0.10 million Shares to 0.28 million Shares, representing approximately 0.03% and approximately 0.09% respectively of the total number of the Shares in issue as at the Latest Practicable Date and approximately 0.13% and 0.36% respectively of the total number of Shares held by public Shareholders as at the Latest Practicable Date.

During the Post-Announcement Period, trading volume of the Shares increased to approximately 6.34 million Shares on 20 December 2007, the first trading day following the publication of the Joint Announcement. Trading volume of the Shares decreased thereafter, with an average daily trading volume of 2,782,538 Shares, representing approximately 0.89% of the total number of Shares in issue as at the Latest Practicable Date and approximately 3.62% of the total number of Shares held by the public as at the Latest Practicable Date.

In view of the above, the overall liquidity of the Shares was low. Shareholders who intend to dispose of a large number of the Shares may not be able to do so without exerting a downward pressure on the price of the Shares. We consider that the Share Offer provides an alternative exit to the Shareholders to realize their investment in the Shares.

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(ii) *Comparable companies analysis*

In assessing the fairness of the Basic Offer Price and the Enhanced Offer Price, given that the Shares are listed on the Stock Exchange, we have, to our best efforts, identified and reviewed all of the relevant comparable companies (the “HK Listed Comparables”) listed on the Stock Exchange whose principal business is engaged in the similar business as those of the Group. The following table sets out the comparison between the Basic Offer Price and the Enhanced Offer Price with those of the HK Listed Comparables:

Name of the HK Listed Comparables	Market capitalisation (HK\$ in million) (Note 1)	Price-to-earnings ratio (“PER”) (times) (Note 1)	Closing share price to net asset value (“PNAV”) per share (times) (Note 1)
Sinotrans Limited (Note 2)	14,404.12	37.45	1.81
Guangdong Nan Yue Logistics Co., Ltd (Note 3)	1,503.51	9.21	1.24
Changan Minsheng APLL Logistics Co., Ltd (Note 4)	620.71	8.43	1.74
Average		<u>18.36</u>	<u>1.60</u>
The Company (as at the Last Trading Day)	<u>1,687.6</u>	<u>26.87</u>	<u>2.82</u> (note 5)
Basic Offer Price	2,375.2	37.81	3.97 (note 5)
Enhanced Offer Price	2,422.1	38.56	4.05 (note 5)

Source: Bloomberg

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Notes:

1. Based on the closing prices of the HK Listed Comparables as quoted on Bloomberg as at the Last Trading Day.
2. Principally engaged in the provision of freight forwarding, express services, shipping agency services, storage and terminal services, marine transportation and trucking services.
3. Principally engaged in the provision of integrated logistics services and expressway-related services.
4. Principally engaged in the provision of a variety of logistics services mainly for cars.
5. Calculated based on the consolidated NAV of the Group as at 31 July 2007 and adjusted for the dividends paid for that year and 312,524,319 Shares (assuming no exercise of any Options).

PER

PER is regarded as the most common valuation method to value a company with recurrent income base such as that of the Group. The PER for the HK Listed Comparables ranged from approximately 8.43 times to approximately 37.45 times, with an average PER of approximately 18.36 times.

The Basic Offer Price and the Enhanced Offer Price represents a PER of approximately 37.81 times and 38.56 times the net profit of the Group for FY2007. We note that the PER implied by the Basic Offer Price and the Enhanced Offer Price are also higher than the PER of the Company as traded on the Last Trading Day of approximately 26.87 times and is well above the average PER of the HK Listed Comparables of approximately 18.36 times.

PNAV

As an additional reference, we have also reviewed the reference between the PNAV implied under the Basic Offer Price and the Enhanced Offer Price with that of the HK Listed Comparables. As set out in the table above, the HK Listed Comparables traded at PNAV ranging from approximately 1.24 times to approximately 1.81 times with an average PNAV of approximately 1.60 times. The Basic Offer Price and the Enhanced Offer Price represent a PNAV of approximately 3.97 times and 4.05 times the consolidated NAV of the Group as at 31 July 2007 as adjusted for the declared and paid dividends which is also above the PNAV of the Shares as at the Last Trading Day of approximately 2.82 times as well as higher than the average PNAV of the HK Listed Comparables of approximately 1.60 times.

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V. Offer price for Options

As the Takeovers Code states that in respect of evaluating option offers as compared to share offers, equality of treatment is required, we have adopted the “see-through” price approach in the evaluation of the terms of the Option Offer. The “see-through” price refers to the difference between the offer price for each share subject to a general offer less any given exercise price of the option, and will be the minimum reasonable offer price for any option under a general offer.

Under the Option Offer, the Offeror is also making an offer to the Optionholders to cancel each existing Option in exchange for cash being an amount equal to HK\$7.60 per Option Share (if the Basis Offer Price is payable) or HK\$7.75 per Option Share (if the Enhanced Offer Price becomes payable), less in each case the exercise price per Option Share in respect of the relevant Option.

On this basis and given our view that the terms of the Share Offer are fair and reasonable, we consider that the terms of the Option Offer are fair and reasonable so far as the Optionholders are concerned.

RECOMMENDATION

For the Share Offer

Having considered the above principal factors and reasons and, in particular, taking into account that:

- the Basic Offer Price and the Enhanced Offer Price represent a historic PER of 37.81 times and 38.56 times, respectively, as compared to those of the HK Listed Comparables;
- the Basic Offer Price and the Enhanced Offer Price represent a PNAV of approximately 3.97 times and 4.05 times the Group’s consolidated NAV as of 31 July 2007 after deducting the declared and paid dividends, as compared to those of the HK Listed Comparables; and
- the Basic Offer Price and the Enhanced Offer Price represent a premium of approximately 40.70% and 43.50%, respectively, to the closing price of the Shares as quoted on the Last Trading Day and is almost equivalent to and represent a premium of approximately 1.84% to the average closing price of the Shares of HK\$7.61 throughout the Post-Announcement Period. We consider that the surge in the market prices of the Shares since 20 December 2007, the first trading day after the publication of the Joint Announcement, was likely to have been attributed to the publication of the possible Offers. Given this, we consider that the Basic Offer Price and the Enhanced Offer Price offer an attractive premium over the price of the Shares under normal trading conditions in which they were not affected by speculation regarding possible Offers or other corporate developments,

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we consider that the terms of the Share Offer are fair and reasonable so far as the Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Shareholders to accept the Share Offer if it is not feasible to realise a higher return from their selling their Shares in the open market.

Shareholders should note that the price of the Shares have substantially increased to exceed the Basic Offer Price following the publication of the Joint Announcement and closed at HK\$7.62 per Share as at the Latest Practicable Date, and the trading volume of the Shares also correspondingly increased significantly. Shareholders are reminded that they should carefully and closely monitor the market price of the Shares before the end of the offer period and consider selling their Shares in the open market rather than accepting the Share Offer if the net proceeds from the market sale of their Shares after deducting all transaction costs are significantly more than the net amount to be received under the Share Offer.

However, Shareholders should also note the possibility that the trading volume of the Shares may return to its previously low levels and may render it difficult for some Shareholders to dispose of their Shares in the open market after the close of the offer period without depressing the market price. Although the trading volume of the Shares has surged after the publication of the Joint Announcement, it is uncertain that such higher level of trading volume is sustainable in the long term. Shareholders who believe that they will be unable to sell the Shares in the open market at a price higher than the Basic Offer Price may consider the Share Offer as a fall back exit route for their investment in the Company.

Those Shareholders who, after taking into account the completion of the consolidation of the Group's China services platform and expansion of the Group's global freight networking in recent years, hold a positive view of the prospects of the Group following the change of control and wish to retain part or all of their investment in the Company should note the possible change to the composition of the Board to be announced by the Offeror following completion of the Offers which may or may not affect the smooth execution and implementation of the business strategies and operations of the Group. Furthermore, those Shareholders should note that if the Compulsory Acquisition Condition can be fulfilled, the Offeror will effect the Compulsory Acquisition and to seek withdrawal of listing of the Shares from the Stock Exchange. On the other hand, should the Offeror not exercise its compulsory acquisition rights within four months from the date of despatch of the Composite Document, the Offeror will continue to maintain the listing of the Shares on the Stock Exchange. However, if, following completion of the Offers, the number of the Shares which remain in public hands is insufficient to satisfy the minimum public float requirement under the Listing Rules, trading in the Shares may or may not be suspended until the required percentage of Shares held by the public is restored. The Offeror will then be required to place down some of the Shares to maintain the minimum public float and there remains a possibility that the Offeror may or may not be able to do so without selling the Shares at a discount to the Basic Offer Price, which may indirectly exert a downward pressure on the Share price.

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The Option Offer

Accordingly, as we consider the Basic Offer Price to be fair and reasonable, we also advise the Independent Board Committee to recommend the Optionholders to accept the Option Offer if it is not feasible to realise a higher return by selling their Option Shares in the open market.

Optionholders are advised to consider whether to exercise their Share Options and selling the Option Shares in the open market if market prices of the Shares during the offer period exceed the sum of the exercise price of the relevant Options and the Offer price for Options, and if the net proceeds from the sale of their Option Shares (after deducting the amount payable for exercising the relevant Options and all transaction costs) are significantly more than the net amount to be received under the Option Offer. Optionholders should also note the possibility that the trading volume of Shares may return to its previous low levels and may render it difficult for some Optionholders to dispose of their Option Shares in the open market without depressing the market price.

Those Optionholders who are considering to retain part or all of their Options or exercise part or all of their Options and retain the Option Shares because they have a positive view of the prospects of the Group after the change of control should note the possible change to the composition of the Board to be announced by the Offeror following completion of the Offers which may or may not affect the smooth execution and implementation of the business strategies and operations of the Group.

Yours faithfully,

For and on behalf of

CIMB-GK Securities (HK) Limited

Alex Lau

Executive Vice President

Flavia Hung

Senior Vice President

1. FURTHER PROCEDURES FOR ACCEPTANCE OF THE OFFERS**(A) The Share Offer**

To accept the Share Offer, you should complete and sign the accompanying White Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Share Offer.

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Share Offer, you must send the duly completed White Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for not less than the number of Shares in respect of which you intend to accept the Share Offer, by post or by hand to the Registrar, Tricor Abacus Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, marked "BHL Share Offer" on the envelope, as soon as practicable after receipt of the Composite Document and in any event no later than 4:00 p.m. on Tuesday, 12 February 2008 or such later time and/or date as the Offeror may announce with the permission of the Executive.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are registered in the name of a nominee company or a name other than your own name, and you wish to accept the Share Offer in respect of your Shares, you must either:
 - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares held by the nominee company, or other nominee, with such nominee company or other nominee, with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver the duly completed White Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the Shares to the Registrar; or
 - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and send the duly completed White Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the Shares to the Registrar; or

- (iii) if your Shares have been lodged with your broker/licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your broker/licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Share Offer on your behalf on or before the deadline set out by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your broker/licensed securities dealer/registered institution in securities/custodian bank for the timing of the processing of your instruction, and submit your instruction to your broker/licensed securities dealer/registered institution in securities/custodian bank as required by them; or
- (iv) if your Shares have been lodged with your Investor Participant Account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set out by HKSCC Nominees Limited.
- (c) If the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Share Offer in respect of your Shares, the White Form of Acceptance should nevertheless be completed and delivered to the Registrar together with a satisfactory letter of indemnity in respect of the loss or unavailability of the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title for your Shares should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title, you should also write to the Registrar for the form of letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.
- (d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Share Offer in respect of your Shares, you should nevertheless complete the White Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an authority to the Offeror or its respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such certificate(s) to the Registrar and to authorise and instruct the Registrar to hold such certificates, subject to the terms of the Share Offer, as if it was/they were delivered to the Registrar with the White Form of Acceptance.

- (e) Acceptance of the Share Offer will be treated as valid only if the White Form of Acceptance is duly completed, is received by the Registrar by no later than 4:00 p.m. on Tuesday, 12 February 2008 (or such later time and/or date as the Offeror may announce with the permission of the Executive) and the relevant documents required under Note 1 to Rule 30.2 of the Takeovers Code have been so received, and is:
- (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those share certificate(s) is/are not registered in your name, such other documents in order to establish your right to become the registered holder of the relevant Shares; or
 - (ii) from a registered Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under paragraphs (e)(i) and (e)(iii)); or
 - (iii) certified by the Registrar or the Stock Exchange.

If the White Form of Acceptance is executed by a person other than the registered Shareholders, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.

- (f) Hong Kong stamp duty at a rate of 0.1% of the amount of the consideration (rounded up to the nearest dollar) payable and calculated in accordance with the practice of the Collector of Stamp Revenue will be deducted from the cash amount payable to the Shareholders who accept the Share Offer. The Offeror will bear its own portion of stamp duty and will pay the seller's stamp duty so deducted to the Collector of Stamp Revenue on behalf of the accepting Shareholders.
- (g) No acknowledgement of receipt of any White Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

(B) The Option Offer

- (a) To accept the Option Offer, you should complete the Yellow Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms and conditions of the Option Offer.

- (b) The completed Yellow Form of Acceptance should be forwarded, together with the relevant certificate of the Option stating the number of Option Shares in respect of the Option which you intend to accept the Option Offer, by post or by hand to the company secretary of the Company at Rooms 711-716, 7th Floor, Tower B, New Mandarin Plaza, 14 Science Museum Road, Tsim Sha Tsui East, Kowloon, Hong Kong, marked "BHL Option Offer" on the envelope, as soon as practicable after the receipt of the Composite Document and in any event no later than 4:00 p.m. on Tuesday, 12 February 2008 or such later time and/or date as the Offeror may announce with the permission of the Executive.
- (c) No stamp duty will be deducted from the amounts paid to the Optionholders who accept the Option Offer.
- (d) No acknowledgment of receipt of any Yellow Form of Acceptance and/or the certificate of the Option will be given.

2. ACCEPTANCE PERIOD AND REVISIONS

- (a) Unless the Offers have previously been extended in accordance with the Takeovers Code, all Forms of Acceptance must be received by 4:00 p.m. on Tuesday, 12 February 2008 (or such later time(s) and/or date(s) as the Offeror may announce with the permission of the Executive) in accordance with the instructions printed on the relevant Form(s) of Acceptance and the Offers will be closed at 4:00 p.m. on the same day.
- (b) If the Offers become, or are declared, unconditional in all respects, the Offers will remain open for acceptance for not less than 14 days from the date on which it is announced that the Offers have become unconditional in all respects.

If the Offers have become unconditional as to acceptances and it is stated that the Offers will remain open until further notice, then not less than 14 days' notice will be given in writing and by way of announcement prior to the closing of the Offers.

- (c) If the Offers are extended or revised, the announcement of such extension or revision will state the next closing date or that the Offers will remain open until further notice. In the latter case, at least 14 days' notice in writing will be given before the Offers are closed to the Shareholders and the Optionholders who have not accepted the Offers and an announcement will be published.

If the Offeror revises the terms of the Offers, all Shareholders and/or the Optionholders, whether or not they have already accepted the Share Offer or the Option Offer (as the case may be) will be entitled to the revised terms. The revised Offers must be kept open for at least 14 days following the date on which the revised offer document is posted.

The execution by or on behalf of any Shareholders who have previously accepted the Share Offer or the Optionholders who have previously accepted the Option Offer (as the case may be) shall be deemed to constitute acceptance of the revised Offers unless such holder becomes entitled to withdraw his or her acceptance under the paragraph headed “**RIGHT OF WITHDRAWAL**” in this Appendix and duly does so.

- (d) If the closing date of the Offers is extended, any reference in the Composite Document and in the Form(s) of Acceptance to the closing date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offers so extended.

3. ANNOUNCEMENTS

- (a) By 6:00 p.m. on Tuesday, 12 February 2008 (or such later time and/or date as the Executive may permit), the Offeror must inform the Executive and the Stock Exchange of its intention in relation to the revision, extension, expiry or unconditionality of the Offers. The Offeror must publish an announcement on the Stock Exchange’s website by 7:00 p.m. on the same date stating whether the Offers have been revised, extended, have expired or have become or been declared unconditional (and in such case, whether as to acceptances or in all respects). Such announcement must be republished in accordance with the requirement set out in item (c) below on the next Business Day.

The announcement must state the following:

- (i) the total number of Shares and rights over Shares for which acceptances of the Share Offer have been received;
- (ii) the total number of Shares and rights over Shares held, controlled or directed by the Offeror, Toll or persons acting in concert with any one of them, before the offer period (as defined in the Takeovers Code);
- (iii) the total number of Shares and rights over Shares acquired by the Offeror, Toll or persons acting in concert with any one of them, during the offer period (as defined in the Takeovers Code); and
- (iv) the total number of Shares in respect of the Options for which acceptance of the Option Offer has been received.

The announcement must specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers of Shares and Shares in respect of the Options.

- (b) In computing the total number of Shares and Options represented by acceptances, only valid acceptances that are complete and in good order and which have been received by the Registrar (as regards the Share Offer) or the company secretary of the Company (as regards the Option Offer) no later than 4:00 p.m. on the Closing Date shall be included.
- (c) As required under the Takeovers Code, all announcements in respect of listed companies must be made in accordance with the requirements of the Listing Rules. Given that the Company is a listed company, announcements made by it in respect of the Offers are required to be made in accordance with the Listing Rules.

4. RIGHT OF WITHDRAWAL

- (a) Acceptances of the Offers tendered by the Shareholders and the Optionholders, as the case may be, shall be irrevocable and cannot be withdrawn, except in the circumstances set out in (b) below or in compliance with Rule 17 of the Takeovers Code which provides that an acceptor shall be entitled to withdraw his/her/its acceptance after 21 days from Tuesday, 12 February 2008, if the Offers have not by then become unconditional as to acceptances.
- (b) If the Offeror is unable to comply with the requirements set out in the paragraph headed “**ANNOUNCEMENTS**” in this Appendix, the Executive may require that the Shareholders and the Optionholders who have tendered acceptances to the Offers, as the case may be, be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

In such case, upon the Shareholder’s/Optionholder’s (as the case may be) exercise of his/her/its right of withdrawal, the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of Shares lodged with the White Form(s) of Acceptance to the relevant Shareholder(s) or the certificate(s) of the Options lodged with the Yellow Form(s) of Acceptance to the relevant Optionholder(s).

5. SETTLEMENT OF THE OFFERS**(a) The Share Offer**

Subject to the provisions in the following paragraph and provided that a valid White Form of Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete in all respects and have been received by the Registrar no later than 4:00 p.m. on Tuesday, 12 February 2008 (or such other time and/or date as the Offeror may announce with the permission of the Executive), a cheque in Hong Kong dollars for the amount due to each of the Shareholders less seller's ad valorem stamp duty in respect of the Shares tendered by him/her/its under the Share Offer will be despatched to each such Shareholder by ordinary post at his/her/its own risk within 10 days from the later of the date on which the Offers become, or are declared, unconditional in all respects and the date of receipt of the duly completed Form(s) of Acceptance and all relevant documents by the Registrar from the Shareholders accepting the Share Offer.

In the event of the satisfaction of the Compulsory Acquisition Condition (i) the Enhanced Consideration shall be paid as soon as practicable, but in any event within 10 days of the Compulsory Acquisition Condition being satisfied, to the Basic Offer Acceptors in respect of the Shares tendered under the Share Offer for acceptance during the period prior to the satisfaction of the Compulsory Acquisition Condition and in respect of which only the Basic Offer Price has been paid; and (ii) in respect of Shares tendered under the Share Offer for which the Basic Offer Price has not been paid, the Enhanced Offer Price payable for the Shares will be paid as soon as practicable, but in any event within 10 days of the later of the date on which the Offers become, or are declared, unconditional in all respects and the date of receipt of the duly completed Form(s) of Acceptance and all relevant documents by the Registrar from such Shareholders accepting the Share Offer at such time.

(b) The Option Offer

Subject to the provisions in the following paragraph and provided that a valid Yellow Form of Acceptance and the relevant certificate(s) of the Option are complete in all respects and have been received by the company secretary of the Company no later than 4:00 p.m. on Tuesday, 12 February 2008 (or such other time and/or date as the Offeror may announce with the permission of the Executive), a cheque for the amount due to the Optionholder in respect of the Option surrendered by him/her under the Option Offer will be despatched to the Optionholder by ordinary post at his/her own risk within 10 days from the date on which the Offers become, or are declared, unconditional in all respects and the date of receipt of the duly completed Form(s) of Acceptance and all relevant documents by the company secretary of the Company from the Optionholders accepting the Option Offer.

In the event of the satisfaction of the Compulsory Acquisition Condition (i) the Enhanced Consideration shall be paid as soon as practicable, but in any event within 10 days of the Compulsory Acquisition Condition being satisfied, to the Basic Offer Acceptors in respect of the Options tendered under the Option Offer for acceptance during the period prior to the satisfaction of the Compulsory Acquisition Condition and in respect of which only the consideration calculated based on the Basic Offer Price has been paid; and (ii) in respect of Options tendered under the Option Offer for which the consideration calculated based on the Basic Offer Price has not been paid, the consideration payable for the Options (being HK\$7.75 in respect of each underlying Option Share less the exercise price per Option Share in respect of the relevant Option) will be paid as soon as practicable, but in any event within 10 days of the later of the date on which the Offers become, or are declared, unconditional in all respects and the date of receipt of the duly completed Form(s) of Acceptance and all relevant documents by the company secretary of the Company from such Optionholders accepting the Option Offer at such time.

- (c) Settlement of the consideration to which any Shareholder and/or the Optionholder is entitled under the Offers will be implemented in full in accordance with the terms of the Offers, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Shareholder and/or the Optionholder save with respect of the payment of seller's ad valorem stamp duty.

6. OVERSEAS SHAREHOLDERS AND OVERSEAS OPTIONHOLDERS

The Offers are being made to all Shareholders and Optionholders including the Overseas Shareholders and Overseas Optionholders. As the making of the Offers to Overseas Shareholders and Overseas Optionholder may be affected by the laws of the relevant jurisdictions, Overseas Shareholders and Overseas Optionholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of each Overseas Shareholder and Overseas Optionholder wishing to accept the Offers to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements. Any such Overseas Shareholder and Overseas Optionholder will be responsible for any such transfer or other taxes by whomsoever payable. Acceptances of the Offers by any such person will constitute a warranty by such person that such person is permitted under all applicable laws to receive and accept the Offers, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws. Overseas Shareholders and Overseas Optionholders are recommended to seek professional advice on deciding whether to accept the Offers.

Although the Offers are made to all Shareholders and Optionholders, the Composite Document has not been sent to the single Overseas Shareholder and the two Overseas Optionholders in Canada due to potential restrictions on sending the Composite Document into Canada. The Offeror has applied for and received a waiver from the Executive from strict compliance with Rule 8.1 of the Takeovers Code pursuant to Note 3 to Rule 8 of the Takeovers Code so that the Offeror may exclude such Overseas Shareholder and Overseas Optionholders from receiving the Composite Document in Canada. Such Overseas Shareholder and Overseas Optionholders who wish to collect a copy of the Composite Document and the accompanying Form(s) of Acceptance may do so from the Registrar, Tricor Abacus Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong.

Persons, including without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward the Composite Document and/or Form(s) of Acceptance to any jurisdiction outside of Hong Kong should read the details in this regard which are contained in paragraphs 6 and 7(h) of Appendix I to the Composite Document before taking any action.

7. GENERAL

- (a) All communications, notices, Form(s) of Acceptance, certificates of Shares or Options (if any), transfer receipts, other documents of title or indemnity and remittances to settle the consideration payable under the Offers to be delivered by or sent to or from the Shareholders and the Optionholders will be delivered by or sent to or from them, or their designated agents, at their own risk, and none of the Company, the Offeror, Standard Chartered Bank nor the Registrar or any of their respective agents accepts any liability for any loss in postage or any other liabilities that may arise as a result.
- (b) The provisions set out in the Form(s) of Acceptance form part of the terms of the Offers.
- (c) The accidental omission to despatch the Composite Document and/or Form(s) of Acceptance or any of them to any person to whom the Offers are made will not invalidate the Offers in any way.
- (d) The Offers and all acceptances will be governed by and constructed in accordance with the laws of Hong Kong.
- (e) Due execution of the Form(s) of Acceptance will constitute an authority to the Offeror, any director of the Offeror, Standard Chartered Bank or such person or persons as the Offeror or Standard Chartered Bank may direct to complete and execute any document on behalf of the person accepting the Offers and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror or such person or persons as it may direct the Shares and/or the Options or otherwise for the purposes of cancelling and extinguishing the Options, in respect of which such person has accepted the Offers.

- (f) Acceptance of the Share Offer by any person will be deemed to constitute a warranty by such person to the Offeror that the Shares tendered for acceptance under the Share Offer are sold by such person or persons free from all third party rights, liens, claims, charges, equities and encumbrances and together with all rights accruing or attaching thereto on or after the date of the Joint Announcement or subsequently becoming attached to them, including, without limitation, the rights to receive all future dividends and/or other distributions declared, paid or made, if any, on or after the date of the Joint Announcement (except the final dividend of HK\$0.063 per Share for the year ended 31 July 2007).
- (g) Acceptance of the Option Offer by any Optionholder will be deemed to constitute a warranty and undertaking by such person to the Offeror that the Options tendered for cancellation are free from all third party rights, liens, claims, charges, equities, and encumbrances whatsoever and renounced together with all rights accruing or attaching thereto on or after the date of the Joint Announcement or subsequently becoming attached to it and that such Optionholder will surrender to the Company all of his existing rights, if any, in respect of the Option, following which such Options will be cancelled and extinguished.
- (h) Acceptance of the Offers by any person who is an Overseas Shareholder or Overseas Optionholder will be deemed to constitute a warranty by such person to the Offeror that he, she or it has observed the laws of all relevant jurisdictions, obtained all requisite governmental, exchange control or other consents, complied with all necessary formalities or legal requirements and paid any transfer or other taxes or other required payments due from him, her or it in connection with such acceptance in any jurisdiction, that he, she or it has not taken or omitted to take any action which will or may result in the Company, the Offeror, Toll or Standard Chartered Bank or any other person acting in breach of the legal or regulatory requirements of any jurisdiction in connection with the Offers or his, her, its acceptance thereof, and is permitted under all applicable laws to receive and accept the Offers, and any revision thereof, and that such acceptance is valid and binding in accordance with all applicable laws.
- (i) Acceptance of the Share Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares in respect of which it is indicated in the White Form of Acceptance is the aggregate number of Shares held by such nominee for such beneficial owner who is accepting the Share Offer.
- (j) Reference to the Offers in the Composite Document and in the Form(s) of Acceptance shall include any extension or revision thereof.

1. THREE-YEAR FINANCIAL SUMMARY

The following is a summary of the consolidated results of the Group and the financial position for each of the three financial years ended 31 July 2005, 2006 and 2007 as extracted from the published annual reports of the Company for the financial years ended 31 July 2006 and 2007.

For the year ended 31 July 2006, the Group adopted the new and revised Hong Kong Financial Reporting Standards (“HKFRS”) which are effective for accounting periods commencing on or after 1 January 2006, resulting in changes to certain accounting policies of the Group. The figures for the year ended 31 July 2005 have been restated only as required under the new and revised HKFRS. These restated figures have been adopted for the purpose of this summary.

The effect of the adoption of the new and revised HKFRS has been disclosed in note 3 of the annual report for the year ended 31 July 2006. The financial statement areas which were affected by such adoption were mainly in respect of certain presentation of the financial statements, property, plant and equipment, leases, classification and recognition of financial instruments and share-based payments.

	Years ended 31 July		
	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Revenue	<u>4,630,059</u>	<u>4,046,380</u>	<u>3,706,310</u>
Profit before income tax	112,226	142,868	104,848
Income tax expenses	<u>(34,756)</u>	<u>(18,965)</u>	<u>(12,962)</u>
Profit for the year	<u>77,470</u>	<u>123,903</u>	<u>91,886</u>
Attributable to:			
Equity holders of the Company	62,541	113,259	83,281
Minority interests	<u>14,929</u>	<u>10,644</u>	<u>8,605</u>
	<u>77,470</u>	<u>123,903</u>	<u>91,886</u>
Dividends	<u>31,228</u>	<u>48,000</u>	<u>49,236</u>
	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Dividends per share	<u>10.0</u>	<u>15.5</u>	<u>16.3</u>
	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Earning per share			
Basic	<u>20.1</u>	<u>37.1</u>	<u>27.6</u>
Diluted	<u>19.8</u>	<u>36.4</u>	<u>27.3</u>

Notes:

1. No qualified opinion has been issued by PricewaterhouseCoopers, the Company's auditors, in respect of its financial statements for each of the three years ended 31 July 2007.
2. For the three years ended 31 July 2007, the Group did not have any extraordinary or exceptional items.

2. FINANCIAL INFORMATION

The following is the full text of the audited financial statements of the Group for the year ended 31 July 2007 extracted from the annual report of the Company for the year ended 31 July 2007:

Consolidated Balance Sheet

As at 31 July 2007

	<i>Note</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment	<i>7</i>	99,916	111,602
Leasehold land and land use rights	<i>8</i>	52,562	53,740
Intangible assets	<i>9</i>	352,358	196,362
Jointly controlled entities	<i>11</i>	7,144	6,581
Associates	<i>12</i>	4,420	3,758
Derivative financial instruments	<i>13</i>	16,424	5,694
Available-for-sale financial assets	<i>14</i>	615	615
Deferred income tax assets	<i>21</i>	15,872	11,141
		<u>549,311</u>	<u>389,493</u>
		-----	-----
Current assets			
Trade and other receivables	<i>15</i>	896,970	794,695
Financial assets at fair value through profit or loss	<i>16</i>	–	4,397
Derivative financial instruments	<i>13</i>	–	340
Current income tax assets		2,589	2,708
Bank balances and cash	<i>33(f)</i>	309,748	333,689
		<u>1,209,307</u>	<u>1,135,829</u>
		-----	-----
Total assets		<u><u>1,758,618</u></u>	<u><u>1,525,322</u></u>

	<i>Note</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	<i>17</i>	31,242	30,977
Reserves	<i>18</i>		
Retained profits		356,804	325,980
Other reserves		210,315	199,605
Proposed dividends		19,683	36,553
		<u>618,044</u>	<u>593,115</u>
Minority interests		<u>56,734</u>	<u>50,672</u>
Total equity		<u>674,778</u>	<u>643,787</u>
LIABILITIES			
Non-current liabilities			
Borrowings	<i>19</i>	139,747	5,269
Retirement liabilities	<i>20</i>	1,040	1,447
Deferred income tax liabilities	<i>21</i>	4,020	816
Other non-current liabilities	<i>22</i>	81,976	76,192
		<u>226,783</u>	<u>83,724</u>
Current liabilities			
Trade and other payables	<i>23</i>	685,671	562,915
Borrowings	<i>19</i>	123,092	208,088
Current income tax liabilities		48,294	26,808
		<u>857,057</u>	<u>797,811</u>
Total liabilities		<u>1,083,840</u>	<u>881,535</u>
Total equity and liabilities		<u>1,758,618</u>	<u>1,525,322</u>
Net current assets		<u>352,250</u>	<u>338,018</u>
Total assets less current liabilities		<u>901,561</u>	<u>727,511</u>

APPENDIX II

FINANCIAL INFORMATION OF THE GROUP

Balance Sheet

As at 31 July 2007

	<i>Note</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment	<i>7</i>	–	–
Subsidiaries	<i>10(a)</i>	229,569	231,929
Derivative financial instruments	<i>13</i>	16,424	5,694
Available-for-sale financial assets	<i>14</i>	615	615
		<u>246,608</u>	<u>238,238</u>
Current assets			
Amounts due from subsidiaries	<i>10(b)</i>	187,761	155,251
Prepayments	<i>15</i>	177	154
Bank balances and cash	<i>33(f)</i>	1,221	106
		<u>189,159</u>	<u>155,511</u>
Total assets		<u><u>435,767</u></u>	<u><u>393,749</u></u>
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	<i>17</i>	31,242	30,977
Reserves	<i>18</i>		
Retained profits		24,057	3,542
Other reserves		235,589	226,609
Proposed dividends		19,683	36,553
		<u>310,571</u>	<u>297,681</u>
Total equity		<u>310,571</u>	<u>297,681</u>
LIABILITIES			
Non-current liabilities			
Other non-current liabilities	<i>22</i>	81,976	76,192
Current liabilities			
Amounts due to subsidiaries	<i>10(b)</i>	37,061	13,757
Accrued charges and other payables	<i>23</i>	6,159	6,015
Bank overdrafts	<i>19</i>	–	104
		<u>43,220</u>	<u>19,876</u>
Total liabilities		<u>125,196</u>	<u>96,068</u>
Total equity and liabilities		<u><u>435,767</u></u>	<u><u>393,749</u></u>

Consolidated Income Statement*For the year ended 31 July 2007*

	<i>Note</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Revenue	6	4,630,059	4,046,380
Cost of services rendered	24	<u>(3,756,388)</u>	<u>(3,386,059)</u>
Gross profit		873,671	660,321
Other gains, net	25	28,519	44,097
Administrative and other operating expenses	24	<u>(780,984)</u>	<u>(566,520)</u>
Operating profit		121,206	137,898
Finance income	26	6,211	4,442
Finance costs	26	(16,925)	(4,780)
Finance costs, net		(10,714)	(338)
Share of profits less losses of			
Jointly controlled entities		1,593	1,176
Associates		<u>141</u>	<u>4,132</u>
Profit before income tax		112,226	142,868
Income tax expenses	27	<u>(34,756)</u>	<u>(18,965)</u>
Profit for the year		77,470	123,903
Attributable to:			
Equity holders of the Company	28	62,541	113,259
Minority interests		<u>14,929</u>	<u>10,644</u>
		<u>77,470</u>	<u>123,903</u>
Dividends	29	<u>31,228</u>	<u>48,000</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share			
Basic	30	20.1	37.1
Diluted	30	<u>19.8</u>	<u>36.4</u>

APPENDIX II
FINANCIAL INFORMATION OF THE GROUP
Consolidated Statement of Changes in Equity
For the year ended 31 July 2007

	Attributable to equity holders of the Company					Total HK\$'000
	Share capital HK\$'000	Retained profits HK\$'000	Other reserves HK\$'000	Sub-total HK\$'000	Minority interests HK\$'000	
At 1 August 2005	30,220	300,670	242,330	573,220	21,999	595,219
Net income recognized directly in equity:						
Exchange differences arising on translation of the financial statements of subsidiaries, jointly controlled entities and associates	–	–	(3,356)	(3,356)	(8)	(3,364)
Profit for the year	–	113,259	–	113,259	10,644	123,903
Total recognized income/(expense) for the year ended 31 July 2006	–	113,259	(3,356)	109,903	10,636	120,539
Issue of shares upon exercise of share options	420	–	8,169	8,589	–	8,589
Issue of shares upon acquisition of a subsidiary	337	–	11,201	11,538	–	11,538
Disposal of subsidiaries	–	–	–	–	(151)	(151)
Acquisition of subsidiaries	–	–	–	–	29,518	29,518
Acquisition of additional interests in subsidiaries	–	–	–	–	(8,615)	(8,615)
Capital contribution from minority shareholders	–	–	–	–	117	117
Fair value changes arising from business combinations	–	–	6,637	6,637	–	6,637
Recognition of put option liabilities arising from business combinations	–	–	(76,192)	(76,192)	–	(76,192)
Recognition of derivative financial instruments arising from business combinations	–	–	5,694	5,694	–	5,694
Share-based payments	–	–	4,459	4,459	–	4,459
Dividends	–	(50,733)	–	(50,733)	(2,832)	(53,565)
Transfer	–	(663)	663	–	–	–
At 31 July 2006	<u>30,977</u>	<u>362,533</u>	<u>199,605</u>	<u>593,115</u>	<u>50,672</u>	<u>643,787</u>
Representing:						
Retained profits		325,980				
Proposed dividend		<u>36,553</u>				
		<u>362,533</u>				

APPENDIX II
FINANCIAL INFORMATION OF THE GROUP

	Attributable to equity holders of the Company					Total HK\$'000
	Share capital HK\$'000	Retained profits HK\$'000	Other reserves HK\$'000	Sub-total HK\$'000	Minority interests HK\$'000	
At 1 August 2006	30,977	362,533	199,605	593,115	50,672	643,787
Net income recognized directly in equity:						
Exchange differences arising on translation of the financial statements of subsidiaries, jointly controlled entities and associates	–	–	(3,656)	(3,656)	(1,513)	(5,169)
Profit for the year	–	62,541	–	62,541	14,929	77,470
Total recognized income/(expense) for the year ended 31 July 2007	–	62,541	(3,656)	58,885	13,416	72,301
Issue of shares upon exercise of share options	265	–	6,093	6,358	–	6,358
Acquisition of subsidiaries	–	–	–	–	301	301
Acquisition of additional interests in subsidiaries	–	–	–	–	(633)	(633)
Fair value changes arising from business combinations	–	–	2,265	2,265	–	2,265
Share-based payments	–	–	5,519	5,519	–	5,519
Dividends	–	(48,098)	–	(48,098)	(7,022)	(55,120)
Transfer	–	(489)	489	–	–	–
At 31 July 2007	31,242	376,487	210,315	618,044	56,734	674,778
Representing:						
Retained profits		356,804				
Proposed dividend		19,683				
		<u>376,487</u>				

Consolidated Cash Flow Statement*For the year ended 31 July 2007*

	<i>Note</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Cash flows from operating activities			
Net cash generated from operations	33(a)	137,329	163,523
Interest received		6,211	4,442
Hong Kong profits tax paid		(2,027)	(1,623)
Overseas taxation paid		(16,161)	(14,419)
		<u>125,352</u>	<u>151,923</u>
Net cash from operating activities			
		----- 125,352	----- 151,923
Cash flows from investing activities			
Purchase of property, plant and equipment		(17,188)	(23,053)
Increase in pledged bank deposits		(665)	(3,971)
Decrease in bank deposits maturing more than three months from the date of placement		-	7,840
Proceeds from disposal of property, plant and equipment, leasehold land and land use rights		5,726	7,333
Sale of financial assets at fair value through profit or loss		4,105	10,000
Purchase of available-for-sale financial assets		-	(615)
Purchase of financial assets at fair value through profit or loss		-	(2,212)
Sale of derivative financial instruments		340	-
Purchase of derivative financial instruments		-	(340)
Acquisition of subsidiaries	33(c)	(126,516)	(31,685)
Acquisition of jointly controlled entities		-	(2,880)
Acquisition of an associate		(2,758)	-
Acquisition of additional interests in subsidiaries	33(d)	(3,807)	(34,870)
Refund of investment in a subsidiary		-	356
Deferred consideration paid		(2,663)	(6,590)
Disposal of subsidiaries	33(e)	-	551
Disposal of associates		1,648	37,500
Decrease in loan to a jointly controlled entity		-	1,000
Dividend received from jointly controlled entities		1,337	-
Dividend received from an associate		646	-
		<u>(139,795)</u>	<u>(41,636)</u>
Net cash used in investing activities			
		----- (139,795)	----- (41,636)

APPENDIX II**FINANCIAL INFORMATION OF THE GROUP**

		2007	2006
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash flows from financing activities			
Dividends paid		(48,098)	(50,733)
Dividends paid to minority shareholders		(7,022)	(2,832)
Repayment of amounts due to minority shareholders		(528)	(419)
Issue of shares upon exercise of share options		6,358	8,589
New bank borrowings		196,381	82,973
Repayment of bank borrowings		(123,078)	(59,454)
Interest paid		(16,779)	(4,730)
Capital element of finance leases rental payments		(455)	(1,785)
Interest element of finance leases rental payments		(146)	(50)
		<u> </u>	<u> </u>
Net cash from/(used in) financing activities	<i>33(b)</i>	<u> 6,633</u>	<u> (28,441)</u>
		-----	-----
(Decrease)/increase in cash and cash equivalents		(7,810)	81,846
Cash and cash equivalents at the beginning of the year		280,019	203,027
Exchange gains/(losses) on cash and cash equivalents		3,188	(4,854)
		<u> </u>	<u> </u>
Cash and cash equivalents at the end of the year	<i>33(f)</i>	<u> 275,397</u>	<u> 280,019</u>

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

BALtrans Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) are principally engaged in the provision of air and sea freight forwarding services, exhibition forwarding and household removal services and third party logistics (including contract logistics, warehousing & distribution and ship spares logistics).

The Company is a limited liability company incorporated in Bermuda and its registered office is Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

These financial statements have been approved for issue by the Board of Directors on 13 November 2007.

2 BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The financial statements have been prepared under the historical cost convention, except that available-for-sale financial assets, derivative financial instruments and financial assets at fair value through profit or loss are carried at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of the Group. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimate are significant to the financial statements, are disclosed in note 5.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following new amendments to standards and interpretations are mandatory for the year ended 31 July 2007 and are relevant to the Group’s operations:

HKAS 19 Amendment	Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 39 Amendment	The Fair Value Option
HK(IFRIC) – Int 8	Scope of HKFRS 2

The adoption of above amendments and interpretations did not result in substantial changes to the Group’s accounting policies.

Certain new standards, interpretations and amendments to existing standards have been published that are mandatory for the Group’s accounting periods beginning on or after 1 August 2007 or later periods and may be relevant to the Group’s operations as follows:

		Effective for accounting periods beginning on or after
HKAS 1 Amendment	Presentation of Financial Statements – Capital Disclosures	1 January 2007
HKAS 23 (Revised)	Borrowing costs	1 January 2009
HKFRS 7	Financial Instruments: Disclosures	1 January 2007
HKFRS 8	Operating segments	1 January 2009
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions	1 March 2007

The Group has not early adopted the above standards, interpretations and amendments but will apply them from 1 August 2007. It is not expected to have a significant impact on the Group’s financial statements.

The significant accounting policies applied in the preparation of the financial statements are set out below:

(a) Group accounting

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 July.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets acquired, the difference is recognised directly in the income statement.

Investments in jointly controlled entities and associates are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investments in jointly controlled entities and associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of the post-acquisition profits or losses of the jointly controlled entities and associates is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Unrealised gains on transactions between the Group and its jointly controlled entities and associates are eliminated to the extent of the Group's interests in the jointly controlled entities and associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

On disposal of subsidiaries, jointly controlled entities and associates, the gain or loss on disposal is calculated by reference to the net assets of the subsidiaries, jointly controlled entities and associates at the date of disposal, including the attributable amount of goodwill.

(i) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted by the Company on the basis of dividend income.

(ii) Jointly controlled entities

A jointly controlled entity is a joint venture established as a corporation, partnership or other entity in which the venturers have their respective interests and establish a contractual arrangement among them to define joint control over the economic activity of the entity.

(iii) Associates

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

(iv) Minority interests

Minority interests represent the interest of the outside shareholders in the operating results and net assets of subsidiaries. The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share of the carrying amount of net assets of the subsidiaries being acquired.

(b) Intangible assets*(i) Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary, jointly controlled entity and associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. Goodwill is allocated to cash generating units for the purpose of impairment testing.

(ii) Other intangible assets

Other intangible assets are shown at cost incurred upon acquisition and are carried at cost less accumulated amortisation. Amortisation is calculated to write off their cost less accumulated impairment losses on a straight-line basis over their expected useful lives of 5 to 10 years.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost to the residual values of respective property, plant and equipment over their estimated useful lives, as follows:

Buildings	2 – 6%
Leasehold improvements	20 – 35%
Office furniture and equipment	20%
Motor vehicles	20 – 25%
Computer system	20 – 50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gain or loss on disposal of property, plant and equipment is the difference between the net sale proceeds and the carrying amount of the relevant asset, and is recognised in the income statement.

(d) Assets under leases*(i) Finance leases*

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. Finance leases are capitalised at the inception of the leases at the lower of the fair value of the leased assets or the present value of the minimum lease payments. Each lease payment is allocated between the capital and finance charges so as to achieve a constant rate on the capital balances outstanding. The corresponding rental obligations, net of finance charges, are included in non-current liabilities. The finance charges are expensed in the income statement over the lease periods.

Assets held under finance leases are depreciated over the shorter of their estimated useful lives or the lease periods.

(ii) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Payments made under operating leases (net of any incentives received from the leasing company) are expensed in the income statement on a straight-line basis over the lease periods.

(e) Leasehold land and land use rights

The upfront prepayments made for the leasehold land and land use rights are expensed in the income statement on a straight-line basis over the period of the rights or when there is impairment, the impairment is expensed in the income statement.

(f) Impairment of assets

Assets that have an indefinite useful life and are not subject to depreciation or amortisation are at least tested for impairment annually and are reviewed whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount and such impairment losses are recognised in the income statement. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped as cash generating units for which there are separately identifiable cash flows.

(g) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement within administrative and other operating expenses.

(h) Investments

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the balance sheet date.

Purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Available for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains or losses from investments.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the securities below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(i) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and is so, the nature of the item being hedged. The Group designates certain derivatives as hedges of particular risks associated with a recognised asset or liability or highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 13. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining hedge item is more than twelve months, and as a current asset or liability, and if the remaining maturity of the hedged item is less than twelve months. Trading derivatives are classified as current assets or liabilities.

(i) *Cash flow hedge*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement in other gains/other operating expenses.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss.

When a hedging instrument expires or sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within other gains/other operating expenses.

(ii) *Derivatives that do not qualify for hedge accounting*

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement within other gains/other operating expenses.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, cash investments with a maturity of three months or less from date of investment and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(k) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(l) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(m) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

(n) Put option liabilities

The Group's contractual obligation is recognised in respect of the purchase of the equity instruments giving rise to a financial liability for the present value of the redemption amount even if the obligation to purchase is conditional on the counterparty exercising a right to redeem.

If the Group revises its estimates of payments, the Group will adjust the carrying amount of the financial liability to reflect actual and revised estimated cash flows. The Group recalculates the carrying amount by computing the present value of estimated future cash flows at the financial instrument's original effective interest rate. The adjustment is recognised as income or expense in the income statement.

(o) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax, if it is not accounted for, arises from initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, jointly controlled entities and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(p) Foreign currency translation*(i) Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Hong Kong dollar, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary items, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss.

(iii) *Group companies*

The results and financial position of all the entities of the Group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (1) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (2) income and expenses for each income statement are translated at average exchange rates; and
- (3) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are taken to Group's total equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(q) Recognition of revenue and income

Revenue is shown net of revenue reducing factors, such as sales tax, returns, rebates and discounts and allowances for credit. Revenue is recognised when it is probable that future economic benefits will accrue to the Group and these benefits can be measured reliably on the following bases:

- (i) Revenues from the provision of freight forwarding services are recognised when services are rendered, which generally coincide with the dates of departure for outward freight and the dates of arrival for inward freight.
- (ii) Revenues from the provision of exhibition forwarding and household removal services and third party logistics (including contract logistics, warehousing & distribution and ship spares logistics) are recognised when the services are rendered.
- (iii) Revenue from the provision of management services is recognised when the services are rendered.
- (iv) Revenue from the letting of property is recognised on a straight-line basis over the period of the lease.
- (v) Interest income is recognised on a time proportion basis using the effective interest method.
- (vi) Income on sale of investments is recognised when the title of the related investments is passed to the purchaser.

(r) Employee benefits

(i) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) *Bonus entitlements*

The expected cost of bonus payments are recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for bonus entitlements are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(iii) *Retirement liabilities*

The Group operates a number of defined benefit and defined contribution retirement schemes, the assets of which are generally held in separate trustee-administered funds. The retirement schemes are funded by payments from employees and the relevant Group companies.

The Group's contributions to the defined contribution retirement schemes are expensed as incurred and, in respect of certain schemes, may be reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions.

For the defined benefit plan, retirement benefit costs are assessed using the projected unit credit method: the cost of providing retirement benefits is charged to the income statement so as to spread the regular cost over the service lives of employees in accordance with the advice of the actuaries who carry out a full valuation of the plans each year. Retirement liabilities are measured as the present value of the estimated future cash outflows. Actuarial gains and losses are recognised over the average remaining service lives of the employees.

(iv) *Share-based compensation*

The Company operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(s) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(t) Borrowing costs

Borrowing costs are charged to the income statement in the year in which they incurred.

(u) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Directors in case of interim dividends or approved by the Company's shareholders in case of final dividends.

(v) Segment reporting

A business segment is a group of assets and operations engaged in providing services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

4 FINANCIAL RISK MANAGEMENT**(a) Financial risk factors**

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, liquidity risk and interest rate risk. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

*(i) Market risk***(1) Foreign exchange risk**

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk mainly arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

(2) Price risk

The Group has issued certain call options (note 22) which are both required to be stated at their fair values (see fair value estimation below).

The Group is not exposed to any significant commodity price risk.

(ii) Credit risk

The carrying amounts of bank balances and cash and trade and other receivables represent the Group's exposure to credit risk in relation to financial assets.

There is no concentration of credit risk with respect to trade receivables from third party customers as the Group has a large number of customers which are internationally dispersed. No individual third party customers accounted for greater than 10% of the Group's turnover. The Group limits its exposure to credit risk through performing credit reviews and monitoring the financial strength of its major customers and generally does not require collateral on trade receivables.

No other financial assets carry a significant exposure to credit risk.

(iii) *Liquidity risk*

The Group adopts prudent liquidity risk management which implies maintaining sufficient cash and bank balances, having available funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group requires adequate working capital to be retained by overseas subsidiaries and then transfers excess funds back to the head office. The Group aims to maintain flexibility in funding by keeping committed credit lines available.

(iv) *Interest rate risk*

As the Group has no significant interest bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group has not entered into any interest rate swap contracts as the exposure to interest rate risk is not significant.

(b) Fair value estimation

The fair values of the Group's available-for-sale financial assets, derivative financial instruments and financial assets at fair value through profit or loss are determined by reference to the methods below:

- (i) the quoted market price when the related investment is traded in an active market;
- (ii) valuation techniques (including pricing models or discounted cash flow models); and
- (iii) the price for similar recent transactions, with adjustment on the difference in market conditions and circumstances.

The nominal value less impairment provision (if applicable) of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of goodwill and other assets

The Group tests annually whether goodwill and other assets have suffered any impairment. The recoverable amount of an asset or a cash generating unit is determined based on value-in-use calculations which require the use of assumptions and estimates.

If the future cash flow from respective investments had been 10% lower than the management's estimates as adopted in the value-in-use calculations or the estimated pre-tax discount rate applied to the value-in-use calculations had been 10% higher than the management's estimates, the Group had to recognise impairment losses of HK\$10,309,000 and HK\$13,509,000 respectively.

(b) Put option liabilities

The present value of the put option liabilities in respect of the option arrangement on acquisition of subsidiaries is estimated by management based on various assumptions and estimates, including the forecast profits after tax for certain years prior to the exercise of the options, gross margin, discount rates and expected timing of exercise of the put option.

If the profits after tax of the respective investments differs by 10% from management's estimates as adopted in the profit forecast, the other non-current liabilities and other gain, net, will be HK\$7,924,000 higher or HK\$7,924,000 lower.

(c) Derivative financial instruments – call options

The fair value of the call options in respect of the option arrangement on the acquisition of subsidiaries is estimated by management with reference to the independent professional valuation report. The valuation is based on various assumptions and estimates, including the forecast profits after tax for certain years prior to the exercise of the options, gross margin, discount rates, stock price volatility, probability and expected time of exercise of the call options.

Any changes in the various assumptions and estimates in respect of the valuation of the call options will have impact to their fair values and the income statement.

(d) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact both current and deferred income tax provisions in the period in which such determination is made.

The Group's management determines the amount of deferred income tax assets to be recognised by estimating the amount of future profit available to utilise the tax losses in the relevant tax jurisdiction and entity. The estimation is based on the projected profit in respective jurisdiction that is mainly based on market conditions existing on the balance sheet date. It could change as a result of the uncertainties in the market conditions.

(e) Share-based payments

The fair value of options granted is estimated based on valuations by independent professional valuers. The valuations are based on various assumptions on share prices, volatility, life of options, dividend paid out rate and annual risk-free interest rate, excluding the impact of any non-market vesting conditions, which generally represent the best estimate of the fair value of the share options at the date of grant.

(f) Impairment of trade receivables

The policy for provision for impairment of trade receivables of the Group is based on the evaluation of collectability and ageing analysis and by management judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables.

6 REVENUE AND SEGMENT INFORMATION

	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover		
Revenue from rendering freight forwarding services		
Air freight	2,418,006	2,392,198
Sea freight	1,791,568	1,344,053
Exhibition forwarding and household removal services	184,490	129,961
Third party logistics	235,995	180,168
	<u>4,630,059</u>	<u>4,046,380</u>

(a) Primary reporting format – geographical segments

The Group is organised into the following geographical segments:

- (i) Asia Pacific (including Greater China and Southeast Asia);
- (ii) North America; and
- (iii) Europe, Middle East and Africa (“EMEA”).

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FINANCIAL INFORMATION OF THE GROUP

Segment assets consist primarily of property, plant and equipment, leasehold land and land use rights, intangible assets, trade and other receivables, available-for-sale financial assets, derivative financial instruments, financial assets at fair value through profit or loss and operating cash and mainly exclude current income tax assets and deferred income tax assets. Segment liabilities comprise trade and other payables, bank borrowings and other non-current liabilities and mainly exclude current income tax liabilities and deferred income tax liabilities. Capital expenditure comprises additions to property, plant and equipment, leasehold land and land use rights and intangible assets.

	For the year ended 31 July 2007				
	Asia Pacific	North America	EMEA	Elimination	Group
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover					
External	2,424,703	547,638	1,657,718	–	4,630,059
Inter-segment	627,039	127,101	140,482	(894,622)	–
Total	3,051,742	674,739	1,798,200	(894,622)	4,630,059
Segment results	73,639	11,592	35,975	–	121,206
Finance income	2,969	1,810	1,432	–	6,211
Finance costs	(7,959)	(845)	(8,121)	–	(16,925)
Finance costs, net	(4,990)	965	(6,689)	–	(10,714)
Share of profits less losses of					
Jointly controlled entities	1,593	–	–	–	1,593
Associates	184	32	(75)	–	141
Profit before income tax					112,226
Income tax expenses					(34,756)
Profit for the year					77,470
Segment assets	877,633	127,320	723,640	–	1,728,593
Jointly controlled entities	7,144	–	–	–	7,144
Associates	1,182	555	2,683	–	4,420
Unallocated assets					18,461
Total assets					1,758,618
Segment liabilities	621,764	47,415	362,347	–	1,031,526
Unallocated liabilities					52,314
Total liabilities					1,083,840
Capital expenditure for					
Property, plant and equipment	10,555	307	7,397	–	18,259
Intangible assets	2,482	–	155,806	–	158,288
Depreciation charge	15,874	719	5,010	–	21,603
Amortisation charge					
Leasehold land and land use rights	1,212	–	–	–	1,212
Intangible assets	718	–	13,998	–	14,716

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	For the year ended 31 July 2006				
	Asia Pacific	North America	EMEA	Elimination	Group
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover					
External	2,845,295	611,140	589,945	–	4,046,380
Inter-segment	432,015	107,882	68,577	(608,474)	–
	<u>3,277,310</u>	<u>719,022</u>	<u>658,522</u>	<u>(608,474)</u>	<u>4,046,380</u>
Total	<u>3,277,310</u>	<u>719,022</u>	<u>658,522</u>	<u>(608,474)</u>	<u>4,046,380</u>
Segment results	<u>103,033</u>	<u>20,213</u>	<u>14,652</u>	<u>–</u>	<u>137,898</u>
Finance income	2,792	1,226	424	–	4,442
Finance costs	(2,211)	(824)	(1,745)	–	(4,780)
Finance costs, net	581	402	(1,321)	–	(338)
Share of profits less losses of					
Jointly controlled entities	1,176	–	–	–	1,176
Associates	1,179	173	2,780	–	4,132
	<u>1,179</u>	<u>173</u>	<u>2,780</u>	<u>–</u>	<u>4,132</u>
Profit before income tax					142,868
Income tax expenses					(18,965)
					<u>123,903</u>
Profit for the year					<u>123,903</u>
Segment assets	993,364	130,309	377,461	–	1,501,134
Jointly controlled entities	6,581	–	–	–	6,581
Associates	2,839	522	397	–	3,758
Unallocated assets					13,849
					<u>13,849</u>
Total assets					<u>1,525,322</u>
Segment liabilities	481,685	43,668	328,558	–	853,911
Unallocated liabilities					27,624
					<u>27,624</u>
Total liabilities					<u>881,535</u>
Capital expenditure for					
Property, plant and equipment	19,087	397	3,569	–	23,053
Intangible assets	29,280	–	46,056	–	75,336
Depreciation charge	18,944	833	2,049	–	21,826
Amortisation charge					
Leasehold land and land use rights	1,372	–	–	–	1,372
Intangible assets	495	–	1,135	–	1,630
	<u>495</u>	<u>–</u>	<u>1,135</u>	<u>–</u>	<u>1,630</u>

(b) Secondary reporting format – business segments

	As at and for the year ended 31 July 2007			
	Turnover <i>HK\$'000</i>	Segment results <i>HK\$'000</i>	Total assets <i>HK\$'000</i>	Capital expenditure <i>HK\$'000</i>
Air freight	2,418,006	51,535	631,524	38,880
Sea freight	1,791,568	37,703	504,662	124,410
Exhibition forwarding and household removal services	184,490	16,627	76,340	1,937
Third party logistics	235,995	10,119	59,046	11,320
	4,630,059	115,984	1,271,572	176,547
Jointly controlled entities	–	–	7,144	–
Associates	–	–	4,420	–
Unallocated ¹	–	5,222	475,482	–
Total	4,630,059	121,206	1,758,618	176,547

	As at and for the year ended 31 July 2006			
	Turnover <i>HK\$'000</i>	Segment results <i>HK\$'000</i>	Total assets <i>HK\$'000</i>	Capital expenditure <i>HK\$'000</i>
Air freight	2,392,198	61,829	653,664	50,972
Sea freight	1,344,053	30,749	428,646	40,008
Exhibition forwarding and household removal services	129,961	14,865	61,813	1,993
Third party logistics	180,168	9,272	43,241	5,416
	4,046,380	116,715	1,187,364	98,389
Jointly controlled entities	–	–	6,581	–
Associates	–	–	3,758	–
Unallocated ¹	–	21,183	327,619	–
Total	4,046,380	137,898	1,525,322	98,389

Note:

1 Unallocated segment results for the year ended 31 July 2007 mainly comprise fair value gain on derivative financial instruments, net increase in put option liabilities, gain on disposal of associates, gain on disposal of jointly controlled entities and gain/(loss) on disposal of financial assets at fair value through profit or loss.

Unallocated segment results for the year ended 31 July 2006 mainly comprised gain on disposal of associates and gain on disposal of financial assets at fair value through profit or loss.

Unallocated assets comprise intangible assets, buildings, leasehold land and land use rights, current income tax assets and deferred income tax assets.

7 PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings	Leasehold improvements	Office furniture and equipment	Motor vehicles	Computer system	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost						
At 1 August 2006	80,779	29,791	38,256	18,441	52,418	219,685
Exchange differences	(292)	46	1,225	713	1,176	2,868
Acquisition of subsidiaries	–	77	5,948	152	1,541	7,718
Additions	–	2,605	5,586	1,839	8,229	18,259
Disposals and write off	(9,807)	(1,734)	(6,961)	(5,177)	(2,736)	(26,415)
At 31 July 2007	70,680	30,785	44,054	15,968	60,628	222,115
Accumulated depreciation and impairment						
At 1 August 2006	17,111	19,130	26,900	11,409	33,533	108,083
Exchange differences	5	57	936	483	1,074	2,555
Acquisition of subsidiaries	–	34	2,840	75	1,027	3,976
Depreciation charge	1,463	4,546	5,245	2,125	8,224	21,603
Disposals and write off	–	(1,635)	(6,049)	(3,731)	(2,603)	(14,018)
At 31 July 2007	18,579	22,132	29,872	10,361	41,255	122,199
Net book value						
At 31 July 2007	52,101	8,653	14,182	5,607	19,373	99,916

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	Buildings <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Office furniture and equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Computer system <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost						
At 1 August 2005	71,276	51,113	35,690	15,711	49,735	223,525
Exchange differences	(3)	7	481	335	911	1,731
Acquisition of subsidiaries	12,964	–	8,336	3,460	5,082	29,842
Additions	–	5,240	5,090	2,389	10,334	23,053
Disposals and write off	(3,458)	(26,569)	(11,341)	(3,454)	(13,644)	(58,466)
At 31 July 2006	<u>80,779</u>	<u>29,791</u>	<u>38,256</u>	<u>18,441</u>	<u>52,418</u>	<u>219,685</u>
Accumulated depreciation and impairment						
At 1 August 2005	16,802	38,830	24,960	10,135	34,478	125,205
Exchange differences	(14)	76	476	244	755	1,537
Acquisition of subsidiaries	36	–	6,205	1,829	4,053	12,123
Depreciation charge	1,464	6,652	4,621	2,000	7,089	21,826
Disposals and write off	(1,177)	(26,428)	(9,362)	(2,799)	(12,842)	(52,608)
At 31 July 2006	<u>17,111</u>	<u>19,130</u>	<u>26,900</u>	<u>11,409</u>	<u>33,533</u>	<u>108,083</u>
Net book value						
At 31 July 2006	<u>63,668</u>	<u>10,661</u>	<u>11,356</u>	<u>7,032</u>	<u>18,885</u>	<u>111,602</u>

Notes:

- (a) At 31 July 2006, buildings with net book values of HK\$61,670,000 were pledged to banks to secure banking facilities granted to the Group (note 35).
- (b) Net book value of property, plant and equipment held by the Group under finance leases amounted to HK\$1,487,000 (2006: HK\$3,231,000).

Company

	Office equipment <i>HK\$'000</i>	Computer system <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost			
At 31 July 2005, 31 July 2006 and 31 July 2007	8	21	29
Accumulated depreciation			
At 31 July 2005, 31 July 2006 and 31 July 2007	(8)	(21)	(29)
Net book value			
At 31 July 2006 and 31 July 2007	<u>–</u>	<u>–</u>	<u>–</u>

8 LEASEHOLD LAND AND LAND USE RIGHTS

	Group	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
At the beginning of the year	53,740	55,923
Exchange differences	34	12
Acquisition of subsidiaries	–	898
Amortisation charge	(1,212)	(1,372)
Disposals	–	(1,721)
	<u>52,562</u>	<u>53,740</u>
At the end of the year	<u><u>52,562</u></u>	<u><u>53,740</u></u>

Notes:

- (a) The Group's interests in leasehold land and land use rights are analysed as follows:

	Group	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
In Hong Kong, held on:		
Leases of between 10 to 50 years	48,555	49,684
	-----	-----
Outside Hong Kong, held on:		
Leases over 50 years	719	732
Leases of between 10 to 50 years	3,288	3,324
	<u>4,007</u>	<u>4,056</u>
	-----	-----
	<u><u>52,562</u></u>	<u><u>53,740</u></u>

- (b) At 31 July 2006, leasehold land with net book value of HK\$49,684,000 was pledged to banks to secure banking facilities granted to the Group (note 35).

9 INTANGIBLE ASSETS

Group

	Goodwill HK\$'000	Other intangible assets HK\$'000	Total HK\$'000
Cost			
At 1 August 2005	118,210	4,271	122,481
Acquisition of subsidiaries (<i>note 33(c)</i>)	2,106	34,849	36,955
Acquisition of additional interest in subsidiaries	38,381	–	38,381
Adjustment of goodwill in respect of acquisitions in prior years	270	–	270
Exchange difference	–	83	83
	<hr/>	<hr/>	<hr/>
At 31 July 2006	158,967	39,203	198,170
Acquisition of subsidiaries (<i>note 33(c)</i>)	112,044	43,444	155,488
Acquisition of additional interest in subsidiaries	2,800	–	2,800
Adjustment of goodwill in respect of acquisitions in prior years	1,817	–	1,817
Exchange difference	7,811	2,796	10,607
	<hr/>	<hr/>	<hr/>
At 31 July 2007	<hr/> <hr/> 283,439	<hr/> <hr/> 85,443	<hr/> <hr/> 368,882
Accumulated amortisation and impairment			
At 1 August 2005	–	178	178
Amortisation charge	–	1,630	1,630
	<hr/>	<hr/>	<hr/>
At 31 July 2006	–	1,808	1,808
Amortisation charge	–	14,716	14,716
	<hr/>	<hr/>	<hr/>
At 31 July 2007	<hr/> <hr/> –	<hr/> <hr/> 16,524	<hr/> <hr/> 16,524
Net book value			
At 31 July 2007	<hr/> <hr/> 283,439	<hr/> <hr/> 68,919	<hr/> <hr/> 352,358
At 31 July 2006	<hr/> <hr/> 158,967	<hr/> <hr/> 37,395	<hr/> <hr/> 196,362

Notes:

- (a) Other intangible assets represented agency network, customer base and licence and are valued by American Appraisal China Limited, an independent firm of chartered surveyors, at respective dates of acquisitions.
- (b) The amortisation charge of other intangible assets of HK\$14,716,000 (2006: HK\$1,630,000) is included in administrative and other operating expenses in the consolidated income statement.

- (c) For impairment assessment of goodwill, goodwill is allocated to the Group's cash-generating units (CGUs) identified according to country of operation.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates which do not exceed the long-term average growth rate in which the CGU operates.

Key assumptions used in value-in-use calculations include:

- (i) gross margin ranging from 9% to 16% per annum with the exception of the exhibition forwarding and household removal business which has higher margin;
- (ii) growth rate used to extrapolate cash flow projections beyond the period covered by budgets ranging from 0% to 5% per annum; and
- (iii) discount rate of 11.81% per annum.

These assumptions have been used for the analysis of each CGU within the business segment.

Management determined budgeted gross margin based on past performance and its expectations for the market development.

10 SUBSIDIARIES

	Company	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted investments, at cost	208,129	208,129
Loan to a subsidiary (<i>note a</i>)	21,440	23,800
	<u>229,569</u>	<u>231,929</u>

Notes:

- (a) The loan to the subsidiary is unsecured, interest bearing at prevailing market rate and not repayable within the next twelve months.
- (b) Amounts due from/(to) subsidiaries are as follows:

	Company	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Amounts due from subsidiaries (<i>note i</i>)	187,761	155,251
Amounts due to subsidiaries (<i>note ii</i>)	(37,061)	(13,757)
	<u>150,700</u>	<u>141,494</u>

- (i) Amounts due from subsidiaries are unsecured, interest free and repayable on demand. The amounts are denominated in the following currencies:

	Company	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong dollar	187,761	152,050
South Africa rand	—	3,201
	<u>187,761</u>	<u>155,251</u>

- (ii) Amounts due to subsidiaries are unsecured, interest free and have no fixed terms of repayment. The amounts are denominated in Hong Kong dollar.

- (c) In May 2004, the Group acquired 60% equity interests in Exhibitstrans Logistics Limited (“Exhibitstrans”) at an initial consideration of HK\$4,010,000 with further contingent consideration payable in 2005, 2006 and 2007. The contingent consideration will be arrived at by multiplying an applicable percentage to each tier of gross profit achieved within those financial years, as summarised below:

Tiers of annual gross profit achieved during each financial year	Applicable percentage
1. The first US\$200,000 gross profit achieved	0%
2. Gross profit between US\$200,001 and US\$600,000	45.8%
3. Gross profit in excess of US\$600,000	15%

The consideration has been calculated to be HK\$3,652,000 (2006: HK\$4,872,000) based on the agreed formula after the gross profit achieved for those financial years. This amount has been accrued and included as deferred consideration payable as at 31 July 2007.

- (d) Details of principal subsidiaries as at 31 July 2007 are set out in note 39(a) to the financial statements.

11 JOINTLY CONTROLLED ENTITIES

	Group	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted investments		
Share of net assets	<u>7,144</u>	<u>6,581</u>
At cost	2,932	4,099

Notes:

- (a) Details of principal jointly controlled entities as at 31 July 2007 are set out in note 39(b) to the financial statements.

(b) The Group's shares of results, assets and liabilities of the jointly controlled entities are as follows:

	Group	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	10,316	5,387
Expenses	<u>(8,723)</u>	<u>(4,211)</u>
Profit after income tax	<u>1,593</u>	<u>1,176</u>
Non-current assets	1,117	57
Current assets	<u>7,445</u>	<u>7,810</u>
Total assets	<u>8,562</u>	<u>7,867</u>
Non-current liabilities	(156)	–
Current liabilities	<u>(1,262)</u>	<u>(1,286)</u>
	<u>(1,418)</u>	<u>(1,286)</u>
Net assets	<u>7,144</u>	<u>6,581</u>

12 ASSOCIATES

	Group	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted investments		
Share of net assets	1,807	3,758
Goodwill on acquisition	<u>2,613</u>	<u>–</u>
	<u>4,420</u>	<u>3,758</u>
At cost	4,178	5,943

Notes:

(a) Details of principal associates as at 31 July 2007 are set out in note 39(c) to the financial statements.

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(b) The Group's shares of results, assets and liabilities of the associates are as follows:

	Group	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	52,786	261,959
Expenses	(52,645)	(257,827)
	<u>141</u>	<u>4,132</u>
Profit after income tax	<u>141</u>	<u>4,132</u>
Non-current assets	393	10,501
Current assets	11,158	45,873
	<u>11,551</u>	<u>56,374</u>
Total assets	<u>11,551</u>	<u>56,374</u>
Non-current liabilities	(300)	(18,779)
Current liabilities	(9,444)	(33,837)
	<u>(9,744)</u>	<u>(52,616)</u>
Total liabilities	<u>(9,744)</u>	<u>(52,616)</u>
Net assets	<u>1,807</u>	<u>3,758</u>

13 DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Company	
	2007	2006	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current				
Call options (<i>note 22</i>)	16,424	5,694	16,424	5,694
Current				
Forward foreign exchange contracts (<i>note</i>)	–	340	–	–
	<u>16,424</u>	<u>6,034</u>	<u>16,424</u>	<u>5,694</u>

Note:

As at 31 July 2006, the notional principal amounts of the outstanding forward foreign exchange contracts were HK\$11,936,000.

14 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group and Company	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted equity securities, at fair value	<u>615</u>	<u>615</u>

15 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Trade receivables				
Third parties	809,007	721,592	–	–
Jointly controlled entities	293	943	–	–
Associates	6,098	32,728	–	–
Related companies	2,520	1,417	–	–
Minority shareholders	1	13	–	–
	<u>817,919</u>	<u>756,693</u>	<u>–</u>	<u>–</u>
Less: Provision for impairment	(21,254)	(57,731)	–	–
	<u>796,665</u>	<u>698,962</u>	<u>–</u>	<u>–</u>
Deposits, prepayments and other receivables				
Third parties	94,345	95,733	177	154
A related company	5,960	–	–	–
	<u>100,305</u>	<u>95,733</u>	<u>177</u>	<u>154</u>
	<u>896,970</u>	<u>794,695</u>	<u>177</u>	<u>154</u>

Notes:

- (a) The credit terms given to trade customers are determined on an individual basis with the credit period ranging from one month to three months.
- (b) Trade receivables, deposits, prepayments and other receivables from jointly controlled entities, associates, related companies and minority shareholders are unsecured and interest free. Trade receivables from related parties have credit terms similar to those of third party customers whereas the other balances have no fixed terms of repayment or mutually agreed repayment terms.
- (c) The ageing analysis of trade receivables (net of provision) was as follows:

	Group	
	2007 HK\$'000	2006 HK\$'000
30 days or below	510,899	413,944
31 – 60 days	199,569	214,051
61 – 90 days	52,512	46,841
Over 90 days	33,685	24,126
	<u>796,665</u>	<u>698,962</u>

- (d) The carrying amounts of trade and other receivables approximate their fair values.

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(e) The carrying amounts of trade and other receivables are denominated in the following currencies:

	Group		Company	
	2007	2006	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
South African rand	210,779	187,746	–	–
Hong Kong dollar	173,479	197,157	177	154
US dollar	125,033	134,385	–	–
Euro	96,233	46,676	–	–
Great British pound	95,945	68,025	–	–
Renminbi	49,370	64,823	–	–
Singapore dollar	34,844	38,053	–	–
Swedish kronor	27,277	–	–	–
Canadian dollar	27,263	5,822	–	–
New Taiwanese dollar	23,719	36,703	–	–
Other currencies	33,028	15,305	–	–
	<u>896,970</u>	<u>794,695</u>	<u>177</u>	<u>154</u>

(f) Trade receivables with net book value of HK\$32,549,000 (2006: HK\$76,868,000) have been pledged to banks to secure banking facilities granted to the Group (note 35).

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted equity securities		
At the beginning of the year	4,397	1,565
Exchange differences	–	232
Additions	–	2,212
Disposal	(4,397)	(100)
Changes in fair value	–	488
	<u>–</u>	<u>488</u>
At the end of the year	<u>–</u>	<u>4,397</u>

17 SHARE CAPITAL

	2007		2006	
	<i>Number of shares</i>	<i>HK\$'000</i>	<i>Number of shares</i>	<i>HK\$'000</i>
Authorised:				
Shares of HK\$0.10 each	<u>500,000,000</u>	<u>50,000</u>	<u>500,000,000</u>	<u>50,000</u>
Issued and fully paid:				
At the beginning of the year	309,774,319	30,977	302,200,500	30,220
Issue of shares upon exercise of share options	2,650,000	265	4,200,000	420
Issue of shares upon additional interests in subsidiaries (note 33(d))	<u>–</u>	<u>–</u>	<u>3,373,819</u>	<u>337</u>
At the end of the year	<u>312,424,319</u>	<u>31,242</u>	<u>309,774,319</u>	<u>30,977</u>

Notes:

- (a) On 28 December 2001, the Company adopted a share option scheme (the “Share Option Scheme”) pursuant to which the Company may grant options without initial payment to (i) any director, employee or consultant of the Group or a company in which the Group holds an equity interest or a subsidiary of such company (“Affiliate”); or (ii) any discretionary trust whose discretionary objects include any director, employee or consultant of the Group or an Affiliate; or (iii) a company beneficially owned by any director, employee or consultant of the Group or an Affiliate; or (iv) any customer, supplier or adviser whose service to the Group or business with the Group contributes or is expected to contribute to the business or operation of the Group as may be determined by the directors from time to time to subscribe for shares of the Company. The subscription price of the shares under the Share Option Scheme will be the highest of (i) the nominal value of the shares; (ii) the closing price per share as stated in daily quotation sheet of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on the date of grant; and (iii) the average closing price per share as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the date of grant; or where applicable such price as from time to time adjusted pursuant to the Share Option Scheme. The maximum number of shares in respect of which options may be granted under the Share Option Scheme shall not exceed 10% of the share capital of the Company as at the date of the adoption of the scheme.

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- (b) The movement of share options granted pursuant to the Company's Share Option Scheme during the year are as follows:

Date of grant	Exercise price per share	At 1 August 2006	Granted	Exercised	Cancelled	At 31 July 2007	Vested percentages	
							At 31 July 2007	At 31 July 2006
4 May 2004	HK\$2.045							
Directors		3,100,000	–	(500,000)	–	2,600,000	75%	50%
Employees		3,200,000	–	(1,300,000)	(200,000)	1,700,000	75%	50%
		<u>6,300,000</u>	<u>–</u>	<u>(1,800,000)</u>	<u>(200,000)</u>	<u>4,300,000</u>		
17 August 2005	HK\$ 2.95							
Directors		2,200,000	–	(550,000)	–	1,650,000	25%	–
Employees		800,000	–	(200,000)	(600,000)	–	25%	–
		<u>3,000,000</u>	<u>–</u>	<u>(750,000)</u>	<u>(600,000)</u>	<u>1,650,000</u>		
7 February 2006	HK\$ 4.65							
Employees		3,700,000	–	(100,000)	–	3,600,000	25%	–
		<u>3,700,000</u>	<u>–</u>	<u>(100,000)</u>	<u>–</u>	<u>3,600,000</u>		
14 March 2006	HK\$4.765							
Director		700,000	–	–	–	700,000	25%	–
Employee		2,500,000	–	–	–	2,500,000	25%	–
		<u>3,200,000</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>3,200,000</u>		
15 August 2006	HK\$ 5.40							
Director		–	4,000,000	–	(4,000,000)	–	N/A	N/A
		<u>–</u>	<u>4,000,000</u>	<u>–</u>	<u>(4,000,000)</u>	<u>–</u>		
7 September 2006	HK\$ 5.85							
Director		–	400,000	–	–	400,000	–	N/A
		<u>–</u>	<u>400,000</u>	<u>–</u>	<u>–</u>	<u>400,000</u>		
6 June 2007	HK\$ 5.15							
Employees		–	1,500,000	–	–	1,500,000	–	N/A
		<u>–</u>	<u>1,500,000</u>	<u>–</u>	<u>–</u>	<u>1,500,000</u>		
		<u>16,200,000</u>	<u>5,900,000</u>	<u>(2,650,000)</u>	<u>(4,800,000)</u>	<u>14,650,000</u>		

Details of the vesting dates and expiry dates of the outstanding options granted are as follows:

Date of grant	Tranche	Percentage	Vesting date	Expiry date
4 May 2004	1st	25%	4 May 2005	3 May 2009
	2nd	25%	4 May 2006	
	3rd	25%	4 May 2007	
	4th	25%	4 May 2008	
17 August 2005	1st	25%	17 August 2006	16 August 2010
	2nd	25%	17 August 2007	
	3rd	25%	17 August 2008	
	4th	25%	17 August 2009	
7 February 2006	1st	25%	7 February 2007	6 February 2011
	2nd	25%	7 February 2008	
	3rd	25%	7 February 2009	
	4th	25%	7 February 2010	
14 March 2006	1st	25%	14 March 2007	13 March 2011
	2nd	25%	14 March 2008	
	3rd	25%	14 March 2009	
	4th	25%	14 March 2010	
15 August 2006	1st	25%	5 June 2007	4 July 2016
	2nd	25%	5 June 2008	
	3rd	25%	5 June 2009	
	4th	25%	5 June 2010	
7 September 2006	1st	25%	7 September 2007	6 September 2011
	2nd	25%	7 September 2008	
	3rd	25%	7 September 2009	
	4th	25%	7 September 2010	
6 June 2007	1st	25%	6 June 2008	5 June 2012
	2nd	25%	6 June 2009	
	3rd	25%	6 June 2010	
	4th	25%	6 June 2011	

- (c) The weighted average closing price of the shares of the Company immediate before the dates on which the share options were exercised was HK\$5.37.
- (d) The fair value of options granted during the year determined using the binomial valuation model was HK\$18,613,000 (2006: HK\$12,343,250). The significant inputs into the model included: share price ranging from HK\$5.15 to HK\$5.985, standard deviation of expected share price returns of ranging from 40% to 45%, expected life of options ranging from 4.02 to 7.66 years and annual risk-free interest rate ranging from 4.00% to 4.61%. The standard deviation of expected share price returns is based on statistical analysis of daily share prices over the past three years.

18 RESERVES

Group

	Share premium	Revaluation reserve	Statutory reserves	Call options reserve	Put options reserve	Share-based payment reserve	Exchange fluctuation reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 August 2006	258,786	6,637	1,593	5,694	(76,192)	6,425	(3,338)	362,533	562,138
Exchange differences	-	-	-	-	-	-	(3,656)	-	(3,656)
Issue of shares upon exercise of share options	8,327	-	-	-	-	(2,234)	-	-	6,093
Fair value changes arising from business combinations	-	2,265	-	-	-	-	-	-	2,265
Share-based payments	-	-	-	-	-	5,519	-	-	5,519
Profit for the year	-	-	-	-	-	-	-	62,541	62,541
2006 final dividend	-	-	-	-	-	-	-	(36,553)	(36,553)
2007 interim dividend	-	-	-	-	-	-	-	(11,545)	(11,545)
Transfer	-	-	489	-	-	-	-	(489)	-
At 31 July 2007	267,113	8,902	2,082	5,694	(76,192)	9,710	(6,994)	376,487	586,802
Representing:									
Retained profits	-	-	-	-	-	-	-	356,804	356,804
Other reserves	267,113	8,902	2,082	5,694	(76,192)	9,710	(6,994)	-	210,315
2007 proposed dividends	-	-	-	-	-	-	-	19,683	19,683
	267,113	8,902	2,082	5,694	(76,192)	9,710	(6,994)	376,487	586,802
At 1 August 2005	237,012	-	930	-	-	4,370	18	300,670	543,000
Exchange differences	-	-	-	-	-	-	(3,356)	-	(3,356)
Issue of shares upon exercise of share options	10,573	-	-	-	-	(2,404)	-	-	8,169
Issue of shares upon acquisition of a subsidiary	11,201	-	-	-	-	-	-	-	11,201
Fair value changes arising from business combinations	-	6,637	-	-	-	-	-	-	6,637
Recognition of put option liabilities arising from business combinations	-	-	-	-	(76,192)	-	-	-	(76,192)
Recognition of derivative financial instruments arising from business combinations	-	-	-	5,694	-	-	-	-	5,694
Share-based payments	-	-	-	-	-	4,459	-	-	4,459
Profit for the year	-	-	-	-	-	-	-	113,259	113,259
2005 final dividend	-	-	-	-	-	-	-	(39,286)	(39,286)
2006 interim dividend	-	-	-	-	-	-	-	(11,447)	(11,447)
Transfer	-	-	663	-	-	-	-	(663)	-
At 31 July 2006	258,786	6,637	1,593	5,694	(76,192)	6,425	(3,338)	362,533	562,138
Representing:									
Retained profits	-	-	-	-	-	-	-	325,980	325,980
Other reserves	258,786	6,637	1,593	5,694	(76,192)	6,425	(3,338)	-	199,605
2006 proposed dividends	-	-	-	-	-	-	-	36,553	36,553
	258,786	6,637	1,593	5,694	(76,192)	6,425	(3,338)	362,533	562,138

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	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Call options reserve <i>HK\$'000</i>	Put options reserve <i>HK\$'000</i>	Share- based payments reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 August 2006	258,786	31,896	5,694	(76,192)	6,425	40,095	266,704
Issue of shares upon exercise of share options	8,327	–	–	–	(4,410)	–	3,917
Share-based payments	–	–	–	–	5,063	–	5,063
Profit for the year	–	–	–	–	–	51,743	51,743
2006 final dividend	–	–	–	–	–	(36,553)	(36,553)
2007 interim dividend	–	–	–	–	–	(11,545)	(11,545)
At 31 July 2007	267,113	31,896	5,694	(76,192)	7,078	43,740	279,329
Representing:							
Retained profits	–	–	–	–	–	24,057	24,057
Other reserves	267,113	31,896	5,694	(76,192)	7,078	–	235,589
2007 proposed dividend	–	–	–	–	–	19,683	19,683
	267,113	31,896	5,694	(76,192)	7,078	43,740	279,329
At 1 August 2005	237,012	31,896	–	–	4,370	39,636	312,914
Issue of shares upon exercise of share options	10,573	–	–	–	(2,404)	–	8,169
Issue of shares upon acquisition additional interest of subsidiaries	11,201	–	–	–	–	–	11,201
Recognition of put option liabilities arising from business combinations	–	–	–	(76,192)	–	–	(76,192)
Recognition of derivative financial instruments arising from business combinations	–	–	5,694	–	–	–	5,694
Share-based payments	–	–	–	–	4,459	–	4,459
Profit for the year	–	–	–	–	–	51,192	51,192
2005 final dividend	–	–	–	–	–	(39,286)	(39,286)
2006 interim dividend	–	–	–	–	–	(11,447)	(11,447)
At 31 July 2006	258,786	31,896	5,694	(76,192)	6,425	40,095	266,704
Representing:							
Retained profits	–	–	–	–	–	3,542	3,542
Other reserves	258,786	31,896	5,694	(76,192)	6,425	–	226,609
2006 proposed dividends	–	–	–	–	–	36,553	36,553
	258,786	31,896	5,694	(76,192)	6,425	40,095	266,704

Notes:

- (a) The contributed surplus of the Company represents the difference between the capitalisation amount of the Company's shares issued in exchange for the issued ordinary shares of BALtrans International (BVI) Limited and the value of net assets of the underlying subsidiaries acquired as at 6 April 1992.
- (b) Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is distributable to the shareholders subject to a solvency test. Accordingly, at 31 July 2007, the distributable reserves of the Company available for distribution amounted to HK\$12,216,000 (2006: HK\$7,918,000).
- (c) In accordance with the relevant government regulations and the articles of association of the subsidiaries in the People's Republic of China ("PRC"), it is required to appropriate at each year certain percentages of its profit for the year after setting off accumulated losses brought forward (based on profit reported in the statutory accounts) to reserve fund and enterprise development fund respectively. These reserves are required to be retained in the financial statements of the subsidiaries for specific purposes.

In accordance with the relevant government regulations of a subsidiary in Macau, it is required to appropriate a minimum of twenty-five percent of its profit after taxation to the legal reserve until the balance of the reserve reaches a level equivalent to fifty percent of its capital.

19 BORROWINGS

	Group		Company	
	2007	2006	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current				
Deferred consideration payables <i>(note 10(c))</i>	–	2,209	–	–
Amounts due to minority shareholders <i>(note a)</i>	1,805	2,281	–	–
Obligations under finance leases <i>(note b)</i>	1,019	779	–	–
Long-term bank borrowings wholly repayable within five years <i>(note c)</i>	136,923	–	–	–
	<u>139,747</u>	<u>5,269</u>	<u>–</u>	<u>–</u>
Current				
Short-term bank borrowings	58,555	163,412	–	–
Bank overdrafts	16,915	37,704	–	104
Deferred consideration payables <i>(note 10(c))</i>	3,652	2,663	–	–
Obligations under finance leases <i>(note b)</i>	893	537	–	–
Current portion of long-term bank borrowings <i>(note c)</i>	43,077	3,772	–	–
	<u>123,092</u>	<u>208,088</u>	<u>–</u>	<u>104</u>
	<u>262,839</u>	<u>213,357</u>	<u>–</u>	<u>104</u>

Notes:

- (a) The amounts due to minority shareholders are unsecured, interest free and not repayable within the next twelve months.

(b) Minimum lease payments for finance leases:

	Group	
	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Within one year	1,049	554
In the second year	724	609
In the third to fifth year	393	208
	<u>2,166</u>	<u>1,371</u>
Future finance charges	(254)	(55)
	<u>1,912</u>	<u>1,316</u>
Present value of finance leases	<u><u>1,912</u></u>	<u><u>1,316</u></u>
Representing:		
Current		
Within one year	893	537
	-----	-----
Non-current		
In the second year	641	595
In the third to fifth year	378	184
	<u>1,019</u>	<u>779</u>
	-----	-----
	<u><u>1,912</u></u>	<u><u>1,316</u></u>

(c) The Group's borrowings were repayable as follows:

	Group			
	Bank borrowings and overdrafts		Other borrowings	
	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Current				
Within one year	118,547	204,888	4,545	3,200
	-----	-----	-----	-----
Non-current				
In the second year	43,077	-	641	3,349
In the third to fifth year	93,846	-	378	184
Not wholly repayable within five years	-	-	1,805	1,736
	<u>136,923</u>	<u>-</u>	<u>2,824</u>	<u>5,269</u>
	-----	-----	-----	-----
	<u><u>255,470</u></u>	<u><u>204,888</u></u>	<u><u>7,369</u></u>	<u><u>8,469</u></u>

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- (d) The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates are as follows:

	1 year or less <i>HK\$'000</i>	1 – 5 years <i>HK\$'000</i>	Over 5 years <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 July 2006	208,088	3,533	1,736	213,357
At 31 July 2007	123,092	137,942	1,805	262,839

- (e) The carrying amounts of the borrowings are denominated in the following currencies:

	Group		Company	
	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Hong Kong dollar	197,181	105,165	–	104
South African rand	28,398	67,022	–	–
Canadian dollar	16,990	15,728	–	–
Renminbi	10,352	–	–	–
New Taiwanese dollar	5,953	18,000	–	–
US dollar	1,528	3,429	–	–
Euro	1,474	3,080	–	–
Others	963	933	–	–
	262,839	213,357	–	104

- (f) The effective interest rates of the Group's borrowings at the balance sheet date were as follows:

	2007			2006		
	Hong Kong dollar	South Africa rand	Others	Hong Kong dollar	South Africa rand	Others
Bank borrowings	6.50%	12.00%	6.08%	5.90%	9.00%	3.62%
Obligations under finance leases	–	12.00%	3.50%	–	10.00%	3.51%

20 RETIREMENT LIABILITIES

The Group's defined benefit plan is in Taiwan. The plan is a defined benefit retirement scheme based on salary upon retirement. The assets of the funded plan are held independently of the Group's assets in separate trustee administered funds. The Group's retirement benefit scheme is valued by Watson Wyatt Taiwan Branch, a qualified actuary, annually using the projected unit credit method.

The amounts recognised in the income statement were as follows:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Current service cost	1,258	1,661
Interest cost	271	292
Expected return on plan assets	(172)	(175)
Net actuarial losses recognised	380	174
	<u>1,737</u>	<u>1,952</u>
Charge for the year included in staff costs (<i>note 31</i>)	<u>1,737</u>	<u>1,952</u>

The actual return on plan assets was HK\$132,000 (2006: HK\$82,000).

Movement of the liabilities recognised in the balance sheet is as follows:

	Group	
	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
At the beginning of the year	1,447	2,320
Exchange differences	(297)	175
Charge for the year	1,737	1,952
Benefits paid	(1,847)	(3,000)
	<u>1,040</u>	<u>1,447</u>
At the end of the year	<u>1,040</u>	<u>1,447</u>

21 DEFERRED INCOME TAX (ASSETS)/LIABILITIES

	Group	
	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Deferred income tax assets	(15,872)	(11,141)
Deferred income tax liabilities	4,020	816
	<u>(11,852)</u>	<u>(10,325)</u>

The amounts shown in the balance sheet include the following:

Deferred income tax assets to be recovered after more than 12 months	(14,068)	(9,613)
Deferred income tax liabilities to be settled after more than 12 months	3,240	816
	<u>(10,828)</u>	<u>(8,797)</u>

Deferred income tax (assets)/liabilities are calculated in full on temporary differences under the liability method using applicable tax rates prevailing in the countries in the Group operates.

APPENDIX II
FINANCIAL INFORMATION OF THE GROUP

The movement of the deferred income tax (assets)/liabilities during the year is as follows:

	Group	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
At the beginning of the year	(10,325)	(7,168)
Exchange differences	(314)	1
Acquisition of subsidiaries (<i>note 33(c)</i>)	1,458	(382)
Deferred income tax credited to income statement (<i>note 27</i>)	(2,671)	(2,776)
	<u>(11,852)</u>	<u>(10,325)</u>

The movement of deferred income tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year is as follows:

Deferred income tax assets

	Provisions		Tax losses		Others		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At the beginning of the year	(1,996)	(1,320)	(8,929)	(7,298)	(216)	(488)	(11,141)	(9,106)
Exchange differences	(131)	(1)	(255)	(151)	(6)	18	(392)	(134)
Acquisition of subsidiaries	–	(573)	–	(19)	–	12	–	(580)
Charged/(credited) to income statement	1,280	(102)	(5,466)	(1,461)	(153)	242	(4,339)	(1,321)
At the end of the year	<u>(847)</u>	<u>(1,996)</u>	<u>(14,650)</u>	<u>(8,929)</u>	<u>(375)</u>	<u>(216)</u>	<u>(15,872)</u>	<u>(11,141)</u>

Deferred income tax liabilities

	Accelerated tax depreciation		Revaluation reserve		Others		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At the beginning of the year	816	960	–	–	–	978	816	1,938
Exchange differences	(14)	(15)	–	150	92	–	78	135
Acquisition of subsidiaries	–	313	–	(115)	1,458	–	1,458	198
Charged/(credited) to income statement	1,073	(442)	–	(35)	595	(978)	1,668	(1,455)
At the end of the year	<u>1,875</u>	<u>816</u>	<u>–</u>	<u>–</u>	<u>2,145</u>	<u>–</u>	<u>4,020</u>	<u>816</u>

- (a) Deferred income tax assets are recognised for tax loss carry forwards to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of HK\$90,570,000 (2006: HK\$96,743,000) to carry forward against future taxable income.
- (b) On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the PRC (the "new CIT Law"). The new CIT Law reduces (increases) the corporate income tax rate for domestic enterprises (foreign invested enterprises) from 33% (15% or 24%) to 25% with effect from 1 January 2008. The new CIT Law also provides for preferential tax rates, tax incentives for prescribed industries and activities, grandfathering provisions as well as determination of taxable profit. As at the date that these financial statements are approved for issue, detailed measures concerning these items has yet to be issued by the State Council.

22 OTHER NON-CURRENT LIABILITIES

	Group and Company	
	2007	2006
	HK\$'000	HK\$'000
Put option liabilities	81,976	76,192

In January 2006, the Group entered into an agreement to purchase 52% interest in BALtrans Clover Cargo Holdings (Proprietary) Limited (formerly known as “Clover Cargo Holdings (Proprietary) Limited”) (“Clover Cargo”). The acquisition was completed in May 2006.

In April 2006, the Group also entered into option agreements (“Option Agreements”) with the other minority shareholders of Clover Cargo and its certain subsidiaries, namely BALtrans Clover Cargo WC (Pty) Ltd (formerly known as “Clover Cargo International (Western Cape) (Proprietary) Limited”) and Twala Global Cargo (Proprietary) Limited (collectively the “Minority Shareholders”), in respect of the purchase of the remaining interest in these companies.

Pursuant to the Option Agreements, the Group has written put options to the Minority Shareholders who can put their interests in these companies to the Group from 2009 to 2011 and the Group has been granted call options entitling the Group to purchase in 2012 from the Minority Shareholders the remaining interests in these companies.

The considerations for the put and call options will be settled by cash and promissory notes and is calculated based on the profit after tax for certain years prior to the exercise of the options.

The put option liabilities as disclosed above represent the present value of the estimated consideration to be payable to the Minority Shareholders. Key assumptions used in present value calculations included:

- (i) forecast profit for certain years prior to the exercise of the options;
- (ii) gross margin ranging from 13% to 18% per annum;
- (iii) discount rate of 4% per annum; and
- (iv) expected timing of exercise of the options.

The fair value of the call options has been included as derivative financial instruments as set out in note 13.

23 TRADE AND OTHER PAYABLES

	Group		Company	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade payables				
Third parties	359,383	273,504	–	–
Jointly controlled entities	1,541	260	–	–
Associates	47	1,332	–	–
Related companies	230	243	–	–
	361,201	275,339	–	–
Accrued charges and other payables to third parties	324,470	287,576	6,159	6,015
	685,671	562,915	6,159	6,015

Notes:

- (a) Trade payables to jointly controlled entities, associates and related companies are unsecured and interest free. Trade payables with related parties have similar terms of payment as third party creditors.
- (b) The ageing analysis of trade payables was as follows:

	Group	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
30 days or below	293,881	211,572
31 – 60 days	34,284	30,384
61 – 90 days	7,952	12,292
Over 90 days	25,084	21,091
	<u>361,201</u>	<u>275,339</u>

- (c) The carrying amounts of trade and other payables approximate their fair values.
- (d) The carrying amounts of trade and other payables are denominated in the following currencies:

	Group		Company	
	2007	2006	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong dollar	174,897	195,293	6,159	6,015
US dollar	58,228	42,019	–	–
South African rand	128,542	81,325	–	–
Great British pound	99,414	65,537	–	–
Euro	71,879	31,338	–	–
Renminbi	66,650	79,506	–	–
Singapore dollar	21,260	22,620	–	–
Other currencies	64,801	45,277	–	–
	<u>685,671</u>	<u>562,915</u>	<u>6,159</u>	<u>6,015</u>

24 COSTS AND EXPENSES BY NATURE

	2007 HK\$'000	2006 HK\$'000
Freight, handling, delivery and other costs of services	3,756,388	3,386,059
Staff costs, including Directors' remuneration (<i>note 31</i>)	482,985	336,296
Operating lease rental in respect of land and buildings	58,905	47,138
Travel and entertainment expenses	37,214	32,188
Office expenses	31,798	31,352
Sales delegation expenses	26,914	22,408
Water, electricity and management fee	23,189	18,333
Depreciation charge		
Owned property, plant and equipment	18,996	21,737
Leased property, plant and equipment	2,607	89
Motor vehicles running expense	16,651	9,801
Amortisation charge		
Leasehold land and land use rights	1,212	1,372
Other intangible assets	14,716	1,630
Legal and professional fee	12,916	11,302
Software and office equipment maintenance	9,041	6,440
Auditors' remuneration		
Provision for the year	7,436	5,649
Under provision in prior years	1,034	1,613
Bank charges	6,311	3,570
Loss on disposal/write off of property, plant and equipment and leasehold land and land use rights	711	270
Provision for impairment of trade receivables	348	12,143
Write back of accruals	–	(15,827)
Others	28,000	19,016
Total cost of services rendered, administrative and other operating expenses	<u>4,537,372</u>	<u>3,952,579</u>

25 OTHER GAINS, NET

	2007 HK\$'000	2006 HK\$'000
Fair value gain on derivative financial instruments	10,730	–
Net increase in put option liabilities	(5,784)	–
Net exchange gain	21,777	2,137
Compensation on claims (<i>note a</i>)	–	10,443
Excess of fair value of net assets acquired over cost of acquisition of a subsidiary	–	8,331
Gain on disposal of subsidiaries	–	23
Gain on disposal of associates, net (<i>note b</i>)	454	11,283
Gain on disposal of jointly controlled entities	114	–
(Loss)/gain on disposal of financial assets at fair value through profit or loss	(292)	9,900
Property letting income	336	310
Management fee received from		
A third party	393	238
Jointly controlled entities	788	728
Associates	3	216
Fair value gain on financial assets at fair value through profit or loss	–	488
	<u>28,519</u>	<u>44,097</u>

Notes:

- (a) Subsequent to the completion of the acquisition of 100% interest of Jardine Logistics Group, certain issues were raised and claims had been filed against the vendor. In January 2006, the Group entered into a settlement deed with the vendor for HK\$26,500,000. The compensation was fully settled in cash and credited in part to the income statement except for the portion relating to the compensation for certain specific future expenses which has been deferred and will be applied to offset those expenses as they are incurred.
- (b) Included in the net gain on disposal of associates in the prior year, there was a disposal of the Group's 50% interest in Korchina Logistics Holdings Limited ("Korchina Logistics") and 35% interest in Korchina Freight Taiwan Limited to Korchina Holdings Limited, the other shareholder of Korchina Logistics at the consideration of US\$4,800,000 with a gain of HK\$11,410,000.

26 FINANCE INCOME AND COSTS

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Interest income received from:		
Bank deposits	6,211	4,336
Associates	—	106
	<u>6,211</u>	<u>4,442</u>
	-----	-----
	6,211	4,442
Interest expenses on:		
Interest on bank borrowings and overdrafts	(16,779)	(4,730)
Interest element of finance leases payable within five years	(146)	(50)
	<u>(16,925)</u>	<u>(4,780)</u>
	-----	-----
	(16,925)	(4,780)
Finance costs, net	<u>(10,714)</u>	<u>(338)</u>
	=====	=====

27 INCOME TAX EXPENSES

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Current income tax		
Hong Kong profits tax	7,898	6,865
Overseas taxation	22,204	13,400
Under provision in prior years	7,325	1,476
Deferred income tax (<i>note 21</i>)	<u>(2,671)</u>	<u>(2,776)</u>
	<u>34,756</u>	<u>18,965</u>
	=====	=====

Hong Kong profits tax has been provided for at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

The Group's share of income tax expenses of jointly controlled entities and associates of HK\$307,000 (2006: HK\$233,000) and HK\$243,000 (2006: HK\$408,000) are included in the consolidated income statement as share of profits less losses of jointly controlled entities and associates respectively.

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the Hong Kong profits tax rate as follows:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Profit before income tax	112,226	142,868
Less: Share of profits less losses of jointly controlled entities and associates	<u>(1,734)</u>	<u>(5,308)</u>
	<u>110,492</u>	<u>137,560</u>
Calculated at a taxation rate of 17.5% (2006: 17.5%)	19,336	24,073
Effect of different tax rates in other countries	11,774	234
Income not subject to income tax	(24,574)	(13,595)
Expenses not deductible for taxation purposes	20,984	10,791
Utilisation of previously unrecognised tax losses	(2,894)	(14,317)
Recognition of previously unrecognised temporary differences	886	(5,364)
Under provision in prior years	7,325	1,476
Others	<u>1,919</u>	<u>15,667</u>
Income tax expenses	<u>34,756</u>	<u>18,965</u>

28 PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK\$51,743,000 (2006: HK\$51,192,000).

29 DIVIDENDS

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Interim, paid, of HK3.7 cents (2006: HK3.7 cents) per share	11,545	11,447
Final, proposed, of HK6.3 cents (2006: HK11.8 cents) per share	<u>19,683</u>	<u>36,553</u>
	<u>31,228</u>	<u>48,000</u>

At a meeting held on 13 November 2007, the Directors proposed a final dividend of HK6.3 cents per share. This proposed final dividend is not reflected as dividends payable in the financial statements, but will be reflected as an appropriation of retained profits for the year ending 31 July 2008.

30 EARNINGS PER SHARE

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Profit attributable to equity holders of the Company	<u>62,541</u>	<u>113,259</u>
Weighted average number of shares in issue during the year for the purpose of basic earnings per share (thousands)	311,276	305,508
Effect of dilutive potential shares in respect of share options deemed to be issued at no consideration (thousands)	<u>5,376</u>	<u>5,296</u>
Weighted average number of shares for the purpose of diluted earnings per share (thousands)	<u>316,652</u>	<u>310,804</u>
	<i>HK cents</i>	<i>HK cents</i>
Basic	<u>20.1</u>	<u>37.1</u>
Diluted	<u>19.8</u>	<u>36.4</u>

31 STAFF COSTS, INCLUDING DIRECTORS' REMUNERATION

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Wages and salaries	453,393	314,436
Termination benefits	247	(34)
Retirement benefits costs (<i>note</i>)		
Defined contribution schemes	22,089	15,483
Defined benefit scheme (<i>note 20</i>)	1,737	1,952
Share-based payments	<u>5,519</u>	<u>4,459</u>
	<u>482,985</u>	<u>336,296</u>

Note:

Defined contribution schemes included forfeited contributions of which HK\$2,000 (2006: HK\$201,000) was utilised during the year. There was no forfeiture available at 31 July 2007 and 2006 to reduce future contributions.

Contributions totalling HK\$2,593,000 (2006: HK\$2,444,000) were payable to the retirement benefit schemes at 31 July 2007 and were included under other payables.

32 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The remuneration of each Director is set out below:

Name of Directors	For the year ended 31 July 2007						Total HK\$'000
	Fees HK\$'000	Salaries HK\$'000	Discretionary bonuses HK\$'000	Other benefits HK\$'000	Share- based payments HK\$'000 (note i)	Retirement benefit costs HK\$'000	
Mr. Anthony Siu Wing LAU	-	-	-	-	874	-	874
Mr. Hooi Chong NG	-	1,806	720	-	670	181	3,377
Mr. David Chung Hung WAI	100	-	-	-	140	-	240
Mr. William Hugh Purton BIRD	100	-	-	-	-	-	100
Mr. David Hon To YU	300	-	-	-	-	-	300
Mr. Christopher John David CLARKE*	42	-	-	-	-	-	42
Mr. Cheung Shing NG	100	-	-	-	-	-	100
Mr. Henrik August VON SYDOW*	-	3,831	-	816	-	-	4,647
Mr. Tetsu TOYOFUKU	780	-	-	-	-	-	780
Ms. Miriam Kin Yee LAU	100	-	-	-	-	-	100
	<u>1,522</u>	<u>5,637</u>	<u>720</u>	<u>816</u>	<u>1,684</u>	<u>181</u>	<u>10,560</u>

Name of Directors	For the year ended 31 July 2006						Total HK\$'000
	Fees HK\$'000	Salaries HK\$'000	Discretionary bonuses HK\$'000	Other benefit HK\$'000	Share- based payments HK\$'000 (note i)	Retirement benefit costs HK\$'000	
Mr. Anthony Siu Wing LAU	-	3,426	1,749	-	984	42	6,201
Mr. Hooi Chong NG	-	1,610	887	-	631	137	3,265
Mr. David Chung Hung WAI	-	430	-	-	267	12	709
Mr. William Hugh Purton BIRD	360	-	-	-	-	-	360
Mr. David Hon To YU	300	-	-	-	-	-	300
Mr. Peter James Holland RILEY#	50	-	-	-	-	-	50
Mr. Christopher John David CLARKE	100	-	-	-	-	-	100
Mr. Cheung Shing NG	100	-	-	-	-	-	100
Mr. Henrik August VON SYDOW	-	467	-	258	-	-	725
Mr. Tetsu TOYOFUKU	130	-	-	-	-	-	130
Mr. Naruyuki SADO#	33	-	-	-	-	-	33
Ms. Miriam Kin Yee LAU	-	-	-	-	-	-	-
	<u>1,073</u>	<u>5,933</u>	<u>2,636</u>	<u>258</u>	<u>1,882</u>	<u>191</u>	<u>11,973</u>

ceased to be Director during the year ended 31 July 2006

* ceased to be Director during the year ended 31 July 2007

(i) Share-based payments represented the aggregate fair value of the share options granted to the Directors which had been accounted for in the Group's financial statements in accordance with HKFRS 2.

(ii) Ms. Miriam Kin Yee LAU agreed to waive her emoluments of HK\$100,000 in the prior year.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2006: two) Directors whose emoluments are reflected in note (a) above. The emoluments of the remaining three (2006: three) individuals whose emoluments during the year are as follows:

	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Basic salaries	5,366	3,229
Discretionary bonuses	5,943	6,282
Retirement benefit costs	364	253
Share-based payments	2,901	854
	<u>14,574</u>	<u>10,618</u>

Their emoluments fell within the following bands:

Emolument bands	Number of individuals	
	2007	2006
HK\$2,500,001 – HK\$3,000,000	–	1
HK\$3,000,001 – HK\$3,500,000	1	–
HK\$3,500,001 – HK\$4,000,000	–	2
HK\$4,500,001 – HK\$5,000,000	1	–
HK\$6,500,001 – HK\$7,000,000	1	–
	<u>1</u>	<u>–</u>

During the year, HK\$5,037,000 (2006: HK\$2,500,000) had been paid by the Group to the Directors or the five highest paid individuals as an inducement fee to join or upon joining the Group. HK\$2,920,000 (2006: HK\$912,000) had been expensed in the income statement whereas HK\$4,573,000 (2006: HK\$1,588,000) had been included under prepayment as at 31 July 2007.

33 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of profit before income tax to net cash generated from operations

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Profit before income tax	112,226	142,868
Interest expenses	16,925	4,780
Interest income	(6,211)	(4,442)
Amortisation of other intangible assets	14,716	1,630
Amortisation of leasehold land and land use rights	1,212	1,372
Depreciation of property, plant and equipment	21,603	21,826
Share-based payments	5,519	4,459
Excess of fair value of net assets acquired over cost of acquisition of a subsidiary	–	(8,331)
Gain on disposal of subsidiaries	–	(23)
Gain on disposal of associates, net	(454)	(11,283)
Gain on disposal of jointly controlled entities	(114)	–
Loss/(gain) on disposal of financial assets at fair value through profit or loss	292	(9,900)
Fair value gain on derivative financial instruments	(10,730)	–
Net increase in put option liabilities	5,784	–
Fair value gain on financial assets at fair value through profit or loss	–	(488)
Loss on disposal/write off of property, plant and equipment and leasehold land and land use rights	711	270
Share of net profits less losses of jointly controlled entities	(1,593)	(1,176)
Share of net profits less losses of associates	(141)	(4,132)
Net exchange (gain)/loss	(21,777)	525
	<hr/>	<hr/>
Operating profit before working capital changes	137,968	137,955
(Increase)/decrease in trade and other receivables	(15,039)	58,885
Increase/(decrease) in trade and other payables	14,807	(32,444)
Decrease in retirement liabilities	(407)	(873)
	<hr/>	<hr/>
Net cash generated from operations	<u>137,329</u>	<u>163,523</u>

(b) Analysis of changes in financing

	Share capital including premium		Dividend payable		Minority interests		Loans and obligations under finance leases	
	2007	2006	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At the beginning of the year	289,763	267,232	–	–	50,672	21,999	170,781	87,095
Dividends	–	–	48,098	50,733	–	–	–	–
Net cash from/(used in) financing activities	–	–	(48,098)	(50,733)	(7,022)	(2,832)	72,320	21,315
Minority interests' share of profit	–	–	–	–	14,929	10,644	–	–
Disposal of subsidiaries (note 33(e))	–	–	–	–	–	(151)	–	–
Capital contribution from minority shareholders	–	–	–	–	–	117	–	–
Acquisition of subsidiaries (note 33(c))	–	–	–	–	301	29,518	–	62,067
Acquisition of additional interests in subsidiaries	–	–	–	–	(633)	(8,615)	–	–
Issue of shares upon exercise of share options [#]	8,592	10,993	–	–	–	–	–	–
Issue of shares upon acquisition of additional interest on subsidiaries	–	11,538	–	–	–	–	–	–
Inception of new finance lease	–	–	–	–	–	–	1,071	–
Exchange differences	–	–	–	–	(1,513)	(8)	(1,900)	304
At the end of the year	<u>298,355</u>	<u>289,763</u>	<u>–</u>	<u>–</u>	<u>56,734</u>	<u>50,672</u>	<u>242,272</u>	<u>170,781</u>

[#] Upon exercise of share options, an amount of HK\$2,234,000 (2006: HK\$2,404,000) was transferred from other reserves to share premium.

(c) Acquisition of subsidiaries

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Fair value of share of net assets acquired:		
Property, plant and equipment (<i>note 7</i>)	3,742	17,719
Leasehold land and land use rights (<i>note 8</i>)	–	898
Goodwill (<i>note 9</i>)	10,242	–
Other intangible assets (<i>note 9</i>)	43,444	34,849
Deferred income tax assets (<i>note 21</i>)	–	382
Trade and other receivables	81,276	183,993
Bank balances and cash	35,230	4,166
Trade and other payables	(107,949)	(91,834)
Current income tax liabilities	(1,620)	(2,748)
Deferred income tax liabilities (<i>note 21</i>)	(1,458)	–
Bank overdrafts	–	(1,294)
Borrowings (<i>note 33(b)</i>)	–	(62,067)
Minority interests (<i>note 33(b)</i>)	(301)	(29,518)
	<u>62,606</u>	<u>54,546</u>
Less: Share of net assets held by the Group	<u>(2,662)</u>	<u>(10,215)</u>
	59,944	44,331
Excess of fair value of net assets acquirer over cost of acquisition (<i>note 25</i>)	–	(8,331)
Goodwill (<i>note 9</i>)	<u>101,802</u>	<u>2,106</u>
Purchase consideration	<u><u>161,746</u></u>	<u><u>38,106</u></u>
Satisfied by:		
Deposits paid	–	3,549
Cash	<u>161,746</u>	<u>34,557</u>
	<u><u>161,746</u></u>	<u><u>38,106</u></u>

Analysis of the net cash used in acquisition of subsidiaries:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Cash consideration	(161,746)	(34,557)
Bank balances and cash on hand acquired	35,230	4,166
Bank overdrafts acquired	–	(1,294)
Net cash used in acquisition of subsidiaries	<u><u>(126,516)</u></u>	<u><u>(31,685)</u></u>

(d) Acquisitions of additional interests in subsidiaries

During the year ended 31 July 2007, the considerations of acquisitions of additional interests in subsidiaries were settled by cash of HK\$3,807,000.

During the year ended 31 July 2006, the considerations of acquisitions of additional interests in subsidiaries were settled by cash of HK\$34,870,000 and by issue of 3,379,819 shares of the Company at HK\$3.42 per share.

(e) Disposal of subsidiaries

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Net assets disposed of:		
Trade and other receivables	–	740
Bank balances and cash	–	804
Trade and other payables	–	(50)
Current income tax liabilities	–	(11)
Minority interests (<i>note 33(b)</i>)	–	(151)
	<u>–</u>	<u>1,332</u>
Gain on disposal	–	23
	<u>–</u>	<u>1,355</u>
Satisfied by cash	–	1,355

Analysis of the net cash from disposal of subsidiaries:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Cash consideration	–	1,355
Bank balances and cash disposed of	–	(804)
	<u>–</u>	<u>551</u>
Net cash from disposal of subsidiaries	<u>–</u>	<u>551</u>

(f) Analysis of the balances of cash and cash equivalents

	Group	
	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Total bank balances and cash	309,748	333,689
Less: Pledged time deposits	<u>(17,436)</u>	<u>(15,966)</u>
	292,312	317,723
Bank overdrafts (<i>note 19</i>)	<u>(16,915)</u>	<u>(37,704)</u>
Cash and cash equivalents	<u>275,397</u>	<u>280,019</u>

- (i) The carrying amounts of total bank balances and cash are denominated in the following currencies:

	Group		Company	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Hong Kong dollar	33,703	50,146	1,221	106
US dollar	122,973	71,134	–	–
Euro	32,959	18,115	–	–
Renminbi	29,653	24,500	–	–
Singapore dollar	19,479	10,464	–	–
Swedish Kronor	14,235	115,346	–	–
Other currencies	56,746	43,984	–	–
	<u>309,748</u>	<u>333,689</u>	<u>1,221</u>	<u>106</u>

- (ii) The effective interest rate on time deposits was 4.21% (2006: 4.11%) per annum. These deposits have an average maturity of 50 days (2006: 78 days). The bank balances earn interests at floating rates based on daily bank deposits rates.

34 COMMITMENTS

(a) Capital commitments

	Group	
	2007 HK\$'000	2006 HK\$'000
Contracted but not provided for in relation to		
– investments (<i>note</i>)	–	174,869
– plant and equipment	274	–
	<u>274</u>	<u>174,869</u>

Note:

In July 2006, the Group entered into agreements to acquire 100% of the share capital of BALtrans Logistics Sweden AB (formerly known as “Gothenburg Shipping Logistics AB”) and additional 49.98% of the share capital of BN Holding AG (*note* 38). Pursuant to the agreements, the Group is committed to pay a total consideration of HK\$166,955,000.

(b) Operating lease commitments

The Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	2007 HK\$'000	2006 HK\$'000
Not later than one year	62,425	43,716
Later than one year and not later than five years	60,260	58,645
Later than five years	12,752	15,967
	<u>135,437</u>	<u>118,328</u>

35 BANKING FACILITIES

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Banking facilities		
Secured	170,925	234,157
Unsecured	693,716	349,474
	<u>864,641</u>	<u>583,631</u>
Facilities utilised		
Bank overdrafts	16,915	37,704
Short-term bank borrowings	58,555	163,412
Long-term bank borrowings	180,000	3,772
	<u>255,470</u>	<u>204,888</u>
Guarantees in respect of banking facilities granted to third parties	102,876	93,942
	<u>358,346</u>	<u>298,830</u>

The Group's banking facilities are secured by the following:

- (i) Fixed deposits of HK\$17,436,000 (2006: HK\$15,966,000) of the Group.
- (ii) First legal charges on leasehold land and buildings held by the Group as at 31 July 2006. The charges were released during the year ended 31 July 2007 (notes 7 and 8).
- (iii) Corporate guarantee from the Company.
- (iv) A negative pledge by a subsidiary (the negative pledge requires that the subsidiary will not pledge its assets to other parties unless it obtains the approval from the banks).
- (v) Second mortgage on two properties owned by minority shareholders of a subsidiary and personal guarantees provided by these minority shareholders of a subsidiary.
- (vi) Trade receivables of HK\$32,549,000 (2006: HK\$76,868,000) of the Group (note 15(f)).

36 CONTINGENT LIABILITIES

Pending lawsuits

As at 31 July 2007, the Group was subject to claims arising in the normal course of business. The Directors are of the opinion that any final claims will be unlikely to be crystallised, will be insignificant or will be covered by insurance compensation. Accordingly no provision has been made for these claims in the financial statements.

37 RELATED PARTY TRANSACTIONS

Except for the related party transactions disclosed elsewhere in the financial statements, the Group had the following material related party transactions carried out in the normal course of the Group's businesses during the year:

(a) Sales/(purchases) of services

	2007 HK\$'000	2006 HK\$'000
(i) Jointly controlled entities		
Forwarding income received	4,972	3,950
Forwarding costs paid	(4,666)	(1,580)
Management fee received (<i>Note 25</i>)	788	728
	<u>788</u>	<u>728</u>
(ii) Associates		
Forwarding income received	36,437	177,986
Forwarding costs paid	(9,463)	(48,619)
Management fee received (<i>Note 25</i>)	3	216
Loan interest income (<i>Note 26</i>)	–	106
	<u>–</u>	<u>106</u>
(iii) Other related companies		
Forwarding income received		
Related companies of Jardine Asian Holdings Inc (“JAH”), a former substantial shareholder of the Company	–	2,942
Related companies of Mitsui & Co., Ltd (“Mitsui”), a substantial shareholder of the Company	9,918	5,196
Other related companies	26	105
Forwarding costs paid		
Related companies of JAH	–	(1,127)
Related companies of Mitsui	(1,505)	(366)
Other related companies	–	(2)
	<u>–</u>	<u>(2)</u>

These transactions were conducted at terms in accordance with the agreements as entered into or at terms as agreed between the Group and the respective related parties.

(b) Key management compensation

	2007 HK\$'000	2006 HK\$'000
Basic salaries	13,117	16,364
Discretionary bonuses	8,078	11,859
Retirement benefit costs	866	820
Share-based payments	4,752	3,535
	<u>4,752</u>	<u>3,535</u>
	<u>26,813</u>	<u>32,578</u>

Key management includes directors of the Company and 6 senior management members of the Group.

38 BUSINESS COMBINATIONS

- (a) In August 2006, the Group acquired 100% equity interest in BALtrans Logistics Sweden AB (formerly known as “Gothenburg Shipping Logistics AB”), a company principally engaged in the provision of air transportation, customs clearance, warehousing and distributor services, both international and within Sweden, for a total consideration of HK\$151,571,000.

Details of net assets acquired and goodwill are as follows:

	<i>HK\$'000</i>
Purchase consideration	151,571
Fair value of net assets acquired	<u>(46,917)</u>
Goodwill	<u><u>104,654</u></u>

The assets and liabilities arising from the acquisition are as follows:

	Fair value <i>HK\$'000</i>	Acquirees’ carrying amount <i>HK\$'000</i>
Property, plant and equipment	1,558	1,558
Trade and other receivables	31,600	31,600
Bank balances and cash	13,861	13,861
Trade and other payables	(35,752)	(35,752)
Current income tax liabilities	(1,620)	(1,620)
Deferred income tax liabilities	(1,458)	(1,458)
Intangible assets	38,728	–
Net assets acquired	<u><u>46,917</u></u>	<u><u>8,189</u></u>

The acquired business contributed revenues of HK\$235,353,000 and net profit of HK\$1,655,000 to the Group for the period from acquisition to 31 July 2007.

The goodwill can be attributable to the anticipated high profitability of the business acquired.

- (b) In August 2006, the Group acquired an additional 49.98% of the share capital of BN Holding AG, an investment holding company which holds 96% equity interest in BALtrans Logistics (Germany) GmbH (formerly known as BNG Logistics GmbH), a company principally engaged in the provision of international freight forwarding agency services in Germany, for a total consideration of HK\$10,175,000.

Details of net assets acquired and goodwill are as follows:

	<i>HK\$'000</i>
Purchase consideration	10,175
Fair value of net assets acquired	<u>(2,785)</u>
Goodwill	<u><u>7,390</u></u>

The assets and liabilities arising from the acquisition are as follows:

	Fair value <i>HK\$'000</i>	Acquirees' carrying amount <i>HK\$'000</i>
Property, plant and equipment	2,184	2,184
Trade and other receivables	49,676	49,676
Bank balances and cash	21,369	21,369
Trade and other payables	(72,197)	(72,197)
Intangible assets	4,716	–
	5,748	1,032
Minority interests	(301)	–
Interest originally held by the Group as investment in an associate	(2,662)	–
Net assets acquired (excluding goodwill)	<u>2,785</u>	<u>1,032</u>

The acquired business contributed revenues of HK\$396,995,000 and net profit of HK\$17,121,000 to the Group for the period from acquisition to 31 July 2007.

The goodwill can be attributable to the anticipated high profitability of the business acquired.

3. INDEBTEDNESS

As at the close of business on 30 November 2007, being the latest practicable date for the purpose of this indebtedness statement, prior to the printing of the Composite Document, the Group had borrowings of approximately HK\$325 million, consisting of bank overdrafts of approximately HK\$20 million, deferred consideration payables of approximately HK\$2 million, obligations under finance leases of approximately HK\$2 million, bank borrowings of approximately HK\$299 million, and amounts due to minority shareholders of approximately HK\$2 million.

As at 30 November 2007, the Group's borrowing of approximately HK\$288 million were secured by fixed deposits of HK\$20 million of the Group, negative pledge by certain subsidiaries (the negative pledge requires that these subsidiaries will not pledge their assets to other parties unless they obtain the approval from the banks), trade receivables of HK\$351 million of the Group and the Group's borrowings of approximately HK\$11 million were secured by second mortgage on two properties owned by minority shareholders of a subsidiary and personal guarantees provided by these minority shareholders of a subsidiary.

As at 30 November 2007, the Group was subject to claims arising in the normal course of business. The Directors are of the opinion that any final claims will be unlikely to be crystallised, will be insignificant or will be covered by insurance compensation.

Save as aforesaid and apart from intra-group liabilities, put option liabilities and normal trade payables and guarantees arising in the ordinary course of business, as at the close of business on 30 November 2007, the Group did not have any outstanding debt securities issued and outstanding or authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowings including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptable credits, hire purchase commitments, mortgages, charges, guarantees or other material contingent liabilities.

4. MATERIAL CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material change in the financial or trading position or outlook of the Group since 31 July 2007, the date to which the latest published audited financial statements of the Group were made up.

1. RESPONSIBILITY STATEMENT

The Directors, who jointly and severally accept full responsibility for the accuracy of the information (in respect of the Group and the Committed Shareholders and their respective affiliates) contained in the Composite Document and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Composite Document (in respect of the Group and the Committed Shareholders and their respective affiliates) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document the omission of which would make any statement relating to the Group and the Committed Shareholders and their respective affiliates contained in the Composite Document misleading.

The director of the Offeror accepts full responsibility for the accuracy of the information contained in the Composite Document (other than information in relation to the Group and the Committed Shareholders and their respective affiliates) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in the Composite Document (other than those in relation to the Group and the Committed Shareholders and their respective affiliates) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document the omission of which would make any statement (other than those in relation to the Group and the Committed Shareholders and their respective affiliates) contained in the Composite Document misleading.

The directors of Toll jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than information in relation to the Group and the Committed Shareholders and their respective affiliates) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than those in relation to the Group and the Committed Shareholders and their respective affiliates) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document the omission of which would make any statement (other than those in relation to the Group and the Committed Shareholders and their respective affiliates) contained in the Composite Document misleading.

2. MARKET PRICES

The table below shows the closing price of the Shares on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the last trading day before 20 September 2007 (being the date of commencement of the offer period as defined in the Takeovers Code); (iii) the Last Trading Day; and (iv) the Latest Practicable Date:

Date	Closing price per Share HK\$
30 March 2007	5.10
30 April 2007	4.78
31 May 2007	5.09
29 June 2007	5.33
31 July 2007	5.20
31 August 2007	4.40
19 September 2007 (being the last trading day before date of commencement of the offer period as defined in the Takeovers Code)	4.60
28 September 2007	5.30
31 October 2007	5.23
30 November 2007	5.02
Last Trading Day	5.40
Latest Practicable Date	7.62

The highest and lowest closing price per Share as quoted on the Stock Exchange during the Relevant Period were HK\$7.62 per Share on 2 January 2008 and HK\$4.35 per Share on 22 November 2007 respectively.

Source: Bloomberg

3. DISCLOSURE OF INTERESTS

Interests in the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and their respective associates in securities 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 or which were required to be disclosed in the Composite Document pursuant to the Takeovers Code, were as follows:

Long position in the Shares

Name of Director	Nature of interest	Number of Shares held	Percentage of shareholding
Mr. Anthony Lau	Trust	73,286,000 Shares <i>(Note 1)</i>	23.45%
	Personal	1,400,000 Shares	0.45%
	Personal	2,600,000 underlying Shares <i>(Note 2)</i>	0.83%
Mr. David Wai	Personal	22,154,487 Shares	7.09%
	Personal	1,000,000 underlying Shares <i>(Note 2)</i>	0.32%
Mr. William Bird	Corporate	41,803,688 Shares <i>(Note 3)</i>	13.38%
Mr. Ng Hooi Chong	Personal	1,750,000 underlying Shares <i>(Note 2)</i>	0.56%

Notes:

- These Shares are beneficially owned by Asian Rim Company Limited, which is wholly owned by the brother and brother-in-law of Mr. Anthony Lau as the trustees of a discretionary trust set up for the benefit of Mr. Anthony Lau's family. Mr. Anthony Lau is a director of Asian Rim Company Limited.
- Particulars of Options held by Mr. Anthony Lau, Mr. David Wai and Mr. Ng Hooi Chong are detailed below:

Mr. Anthony Lau

No. of Option Shares	Date of grant	Exercise period	Exercise price per Share
1,000,000	4 May 2004	Option to subscribe for 500,000 Shares during each of the periods starting from (i) 4 May 2007 and (ii) 4 May 2008 up to 3 May 2009	HK\$2.045
1,200,000	17 August 2005	Option to subscribe for 400,000 Shares during each of the periods starting from (i) 17 August 2007 (ii) 17 August 2008 and (iii) 17 August 2009 up to 16 August 2010	HK\$2.950
400,000	7 September 2006	Option to subscribe for 100,000 Shares during each of the periods starting from (i) 7 September 2007 (ii) 7 September 2008 (iii) 7 September 2009 and (iv) 7 September 2010 up to 6 September 2011	HK\$5.850

Mr. David Wai

No. of Option Shares	Date of grant	Exercise period	Exercise price per Share
1,000,000	4 May 2004	Option to subscribe for 500,000 Shares during each of the periods starting from (i) 4 May 2007 and (ii) 4 May 2008 up to 3 May 2009	HK\$2.045

Mr. Ng Hooi Chong

No. of Option Shares	Date of grant	Exercise period	Exercise price per Share
600,000	4 May 2004	Option to subscribe for 300,000 Shares during each of the periods starting from (i) 4 May 2007 and (ii) 4 May 2008 up to 3 May 2009	HK\$2.045
450,000	17 August 2005	Option to subscribe for 150,000 Shares during each of the periods starting from (i) 17 August 2007 (ii) 17 August 2008 and (iii) 17 August 2009 up to 16 August 2010	HK\$2.950
700,000	14 March 2006	Option to subscribe for 175,000 Shares during each of the periods starting from (i) 14 March 2007 (ii) 14 March 2008 and (iii) 14 March 2009 and (iv) 14 March 2010 up to 13 March 2011	HK\$4.765

- These Shares are beneficially owned by Tropical Holding Investment Inc. ("Tropical Holding"), which is wholly owned by Mr. William Bird and his wife. Mr. William Bird is a director of Tropical Holding.

As at the Latest Practicable Date, save for Mr. Anthony Lau, Mr. David Wai and Mr. William Bird who had undertaken to accept the Offers pursuant to the Irrevocable Undertakings, none of the Directors mentioned above has indicated their intention to accept or reject the Offers.

As at the Latest Practicable Date, save for any interests acquired pursuant to the Irrevocable Undertakings, none of the Offeror, Toll, their directors nor any persons acting in concert with any one of them, owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares.

As at the Latest Practicable Date, no shareholding in the Company was owned or controlled by a subsidiary of the Company or by a pension fund of any member of the Group or by an adviser to the Company as specified in class (2) of the definition of “associate” under the Takeovers Code or by the Independent Financial Adviser or any of its associates (as defined in the Listing Rules).

Interests in the Offeror

As at the Latest Practicable Date, the Group did not have any beneficial interest in the shares of the Offeror or convertible securities, warrants, options or derivatives in respect of such shares.

As at the Latest Practicable Date, none of the Directors had any beneficial interest in the shares of the Offeror or convertible securities, warrants, options or derivatives in respect of such shares.

4. DEALINGS IN SECURITIES

Dealings in securities of the Company

During the Relevant Period:

- (a) none of the Directors or the Committed Shareholders had dealt for value in any Shares or convertible securities, warrants, options or derivatives in respect of the Shares, save for pursuant to the Irrevocable Undertakings and the disposal of 100,000 Shares by Mr. Ng Hooi Chong on 15 January 2008 at the price of HK\$7.62 per Share;
- (b) no subsidiary of the Company, or any pension fund of any member of the Group or any adviser to the Company as specified in class (2) of the definition of “associate” under the Takeovers Code, but excluding exempt principal traders, had dealt for value in any Shares or convertible securities, warrants, options or derivatives in respect of the Shares;

- (c) no person with whom the Company or any of its associates by virtue of classes (1), (2), (3) or (4) of the definition of “associate” under the Takeovers Code had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code had dealt for value in the Shares or convertible securities, warrants, options or derivatives in respect of the Shares;
- (d) no fund managers (other than exempt fund managers) connected with the Company and who managed funds on a discretionary basis had dealt for value in any the Shares or convertible securities, warrants, options or derivatives in respect of the Shares; and
- (e) none of the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of “associate” under the Takeovers Code has any arrangement or indemnity of the kind described in note 8 to Rule 22 of the Takeovers Code with any person.

During the Relevant Period, none of the Offeror, Toll, their directors nor any persons acting in concert with any one of them, had dealt in the Shares or any convertible securities, warrants, options and derivatives of the Company in respect of the Shares.

Dealings in securities of the Offeror

During the Relevant Period, neither the Company nor any of the Directors had any dealings in the shares or any convertible securities, warrants, options and derivatives of the Offeror.

Miscellaneous

- (a) As at the Latest Practicable Date, none of the Offeror, Toll or any person acting in concert with any one of them or any other associates of the Offeror has any arrangement of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code with each other and any other person other than under the terms of the Irrevocable Undertakings and the Commitment Letter.
- (b) As at the Latest Practicable Date, no shareholding in the Company was managed on a discretionary basis by fund managers connected with the Company.
- (c) As at the Latest Practicable Date, no person has irrevocably committed himself to accept or reject the Offers, save for the Committed Shareholders.
- (d) As at the Latest Practicable Date, no benefit (other than statutory compensation) would be given to any Director as compensation for loss of office or otherwise in connection with the Offers.

- (e) As at the Latest Practicable Date, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror, Toll, any person acting in concert with any one of them, and any Director, recent Director, Shareholder or recent Shareholder which had any connection with or dependent upon the Offers, save for the Irrevocable Undertakings and the Commitment Letter.
- (f) As at the Latest Practicable Date, there was no agreement or arrangement to which the Offeror is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a condition to the Offers.
- (g) As at the Latest Practicable Date, there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Offers or otherwise connected with the Offers except for the Irrevocable Undertakings.
- (h) As at the Latest Practicable Date, there were no material contracts entered into by the Offeror in which any Director has a material personal interest, save for the Irrevocable Undertakings and the Commitment Letter.

5. SHARE CAPITAL

As at the Latest Practicable Date, the authorised and issued share capital of the Company are as follows:

<i>Authorised:</i>		<i>HK\$'000</i>
<u>500,000,000</u>	Shares	<u>50,000</u>
<i>Issued and fully paid:</i>		
<u>312,524,319</u>	Shares	<u>31,252</u>

All of the Shares currently in issue rank *pari passu* in all respects with each other, including, in particular, as to dividends, voting rights and capital.

There has been no alteration in the number of Shares since 31 July 2007, which is the financial year end date of the Company prior to the Latest Practicable Date save for the issue of 100,000 Shares in August 2007 upon the exercise of Options by an employee to subscribe for 100,000 Shares on 1 August 2007.

6. SHARE OPTION SCHEME, CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

As at the Latest Practicable Date, the Company had Options entitling the Optionholders to subscribe for an aggregate of 14,550,000 Shares at an exercise price in the range of HK\$2.045 to HK\$5.85 per Option Share. Save for such Options, the Company had no outstanding convertible securities, options, warrants or similar rights as at the Latest Practicable Date.

Details in relation to the Options as of 31 July 2007 are set out in note 17 to the financial statements on pages 85 to 87 of the Composite Document. Since 31 July 2007, save for the exercise of Options by an employee at the exercise price of HK\$2.045 to subscribe for 100,000 Shares on 1 August 2007, there has been no change to the status of the Options.

7. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has any service contract with any member of the Group and any of the Company's associated companies which:

- (i) (including both continuous and fixed term contracts) have been entered into or amended within 6 months before the commencement of the offer period;
- (ii) are continuous contracts with a notice period of 12 months or more; or
- (iii) are fixed term contracts with more than 12 months to run irrespective of the notice period.

8. MATERIAL CONTRACTS

A provisional agreement for sale and purchase dated 24 September 2007 and a formal agreement for sale and purchase dated 23 October 2007 were entered into between Win Profit Corporation Limited, a wholly owned subsidiary of the Company, as vendor and Wellfield Trading Limited as purchaser in relation to a property at the consideration of HK\$107,200,000.

Save for the above, there were no material contracts entered into by the Company or any of its subsidiaries during the period beginning two years before the commencement of the offer period (as defined in the Takeovers Code) and up to the Latest Practicable Date, other than contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries.

9. LITIGATION

On 5 January 2008, BALtrans Logistics Limited (“BALtrans Logistics”), a wholly owned subsidiary of the Company received an email from Xiamen Globelink China Logistics Limited (“Xiamen GCL”) dated 31 December 2007 claiming that:

- (1) The agreement (“Agreement”) entered into between BALtrans Logistics as purchaser and Xiamen GCL as vendor in relation to the acquisition of 10% of the equity interest in the capital of BALtrans Logistics (China) Limited (“BALtrans China”), an indirect non-wholly owned subsidiary of the Company, was terminated as at 31 December 2007 because the necessary PRC government approval had not been obtained;
- (2) As the business of BALtrans China had been transferred to BALtrans Logistics Co. Ltd. (formerly known as Jardine-CCTA Logistics Services Ltd.), a wholly owned subsidiary of the Company, Xiamen GCL is not required to refund the consideration of RMB3.2 million received from BALtrans Logistics pursuant to the Agreement;
- (3) Xiamen GCL requested to convene a shareholders’ meeting and board meeting of BALtrans China to discuss how to deal with BALtrans China;
- (4) Xiamen GCL requested an audit of the operations transferred in the previous year plus seven months and requested for profit distribution;
- (5) Xiamen GCL requested that all businesses of BALtrans China transferred from BALtrans China to BALtrans Logistics Co. Ltd. be transferred back to BALtrans China.

Xiamen GCL threatened that if its claims are not met, it would take legal action and report to the regulatory authorities in PRC and Hong Kong. Particulars of the Agreement have been disclosed in an announcement of the Company dated 22 May 2006.

The Company considers that the claims made by Xiamen GCL are vexatious and groundless and the result of any proceedings against the Company or Baltrans Logistics based on such claims will not materially and adversely affect the Group taken as a whole.

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and, save as disclosed above, no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

10. CONSENTS AND QUALIFICATIONS

The followings are the qualifications of the experts whose letters are contained in the Composite Document:

Name	Qualification
Standard Chartered Bank	a licensed corporation to carry on businesses in type 1 (dealing in securities), type 4 (advising on securities), and type 6 (advising on corporate finance) regulated activities under the SFO and is a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)
CIMB-GK Securities (HK) Limited	a licensed corporation to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO

Each of Standard Chartered Bank and the Independent Financial Adviser has given and has not withdrawn its written consent to the issue of the Composite Document with copy of its report or letter (as the case may be) and the references to its names included herein in the form and context in which they are respectively included.

N M Rothschild & Sons (Hong Kong) Limited has given and has not withdrawn its written consent to the publication of its name in the Composite Document.

11. GENERAL

- (a) The registered office of the Offeror is at Kingston Chambers, P.O. Box 173, Road Town, Tortola, BVI and its correspondence address in Hong Kong is at 8014E-8021E, 8/F, ATL Logistics Centre B, Berth 3, Kwai Chung Container Terminals, Kwai Chung, New Territories, Hong Kong.
- (b) The director of the Offeror is Neil Chatfield.
- (c) The registered office of Toll is at Level 7, 380 St Kilda Road, Melbourne, Victoria, Australia, 3004 and its correspondence address in Hong Kong is at 8014E-8021E, 8/F, ATL Logistics Centre B, Berth 3, Kwai Chung Container Terminals, Kwai Chung, New Territories, Hong Kong.
- (d) The directors of Toll are Ray Horsburgh AM, Paul Little, Neil Chatfield, Harry Boon, Mark Smith, Barry Cusack and Francis Ford.
- (e) The registered address of Standard Chartered Bank is situated at 32nd Floor, Standard Chartered Bank Building, 4-4A Des Voeux Road Central, Hong Kong.

- (f) The address of 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.
- (g) The registered address of the Independent Financial Adviser is situated at 25/F, Central Tower, 28 Queen's Road Central, Hong Kong.
- (h) As at the Latest Practicable Date, the Offeror had no intention to transfer, charge or pledge the Shares to be acquired in pursuance of the Share Offer and no arrangements are in place for the transfer, charge or pledge of the securities to be acquired in pursuance of the Share Offer to any other persons.
- (i) The English text of the Composite Document and of the Form(s) of Acceptance shall prevail over the Chinese text for the purpose of interpretations.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection (i) during normal business hours from 9:00 a.m. to 5:00 p.m. (other than Saturdays, Sundays and public holidays) at the principal place of business of the Company in Hong Kong at 8th Floor, Tower A, New Mandarin Plaza, 14 Science Museum Road, Tsim Sha Tsui East, Kowloon, Hong Kong, (ii) on the website of the SFC (www.sfc.hk) and (iii) the Company's website at www.baltrans.com during the period from 22 January 2008 to the Closing Date:

- (a) the memorandum of association and the bye-laws of the Company;
- (b) the memorandum and articles of association of the Offeror;
- (c) the annual reports of the Company for the two years ended 31 July 2007;
- (d) the letter from Standard Chartered Bank as set out on pages 3 to 17 of the Composite Document;
- (e) the letter from the Independent Board Committee as set out on pages 23 to 24 of the Composite Document;
- (f) the letter from the Independent Financial Adviser as set out on pages 25 to 39 of the Composite Document;
- (g) the written consents referred to in the paragraph headed "CONSENTS AND QUALIFICATIONS" in this Appendix;
- (h) the material contracts referred to in the paragraph headed "MATERIAL CONTRACTS" in this Appendix;
- (i) the Irrevocable Undertakings; and
- (j) the Commitment Letter.

The Committed Shareholders undertake to the Offeror that:

1. they will accept the Share Offer in accordance with its terms in respect of:
 - (a) Shares held by them;
 - (b) any other Shares which they acquire, obtain or control after signing of the Irrevocable Undertakings; and
 - (c) any other Shares attributable to or deriving from the Shares referred above,

(together the “Committed Shares”);
2. they will not other than pursuant to the Offers:
 - (a) sell, transfer, charge, encumber, create or grant any option over or otherwise dispose of all or any of the Committed Shares or any interest therein; or
 - (b) accept, or give any undertaking to accept or otherwise agree to, any offer, scheme of arrangement, merger or other business combination made or proposed to be made in respect of the Committed Shares by any person other than the Offeror; or
 - (c) enter into any agreement or arrangement or understanding or incur any obligation in respect of the Committed Shares or do acts referred to the paragraphs 2(a) and 2(b) above which would or might restrict or impede the acceptance of the Offers by any person;
3. their acceptance in respect of the Committed Shares shall be made by 1.00 p.m. on the third Business Day after the date the Composite Document is despatched to Shareholders provided that the Composite Document and Form(s) of Acceptance are sent by hand to each of them or to Jennifer Cheung & Co, Unit A, 19/F., Two Chinachem Plaza, 68 Connaught Road Central, Hong Kong on the date of despatch of the Composite Document or during the morning of the next day;
4. the Offeror will acquire the Committed Shares pursuant to the Share Offer free from any lien, charge, equity, encumbrance, or third party interest of any nature whatsoever and together with all rights of any nature attaching or accruing to them, including the right to all dividends or other distributions (if any) declared, made or paid after the date of the Joint Announcement (except the final dividend of up to HK\$0.063 per Share for the year ended 31 July 2007);

5. in the case of Mr. Anthony Lau and Mr. David Wai, that they will accept the Option Offer in respect of Options held by them or allow such Options to lapse, save that they may exercise such Options within 7 days of the date of despatch of the Composite Document, and accept the Share Offer in respect of the Shares arising therefrom; and
6. even if the terms of the Offers give accepting Shareholders and Optionholders the right to withdraw acceptances, they will not withdraw acceptances in respect of the Committed Shares and Options.

All of the obligations of the Committed Shareholders pursuant to the Irrevocable Undertakings will lapse and cease to have effect on the earlier of the following occurrences: (i) the breach of any of the Offeror's obligations pursuant to the terms of the Commitment Letter to make the Offers substantially on the terms set out in the Joint Announcement and not withdraw the Offers (unless any of the conditions to the Offers are breached or not satisfied) without the approval of the Executive and the Committed Shareholders' written consent (which shall not be unreasonably withheld); or, (ii) the Offers lapse or are withdrawn.

In the Composite Document, the following expressions have the following meanings, unless the context otherwise requires:

“associate”	has the meaning ascribed to it under the Takeovers Code
“Basic Offer Acceptors”	all Shareholders accepting the Share Offer and Optionholders accepting the Option Offer prior to the satisfaction of the Compulsory Acquisition Condition
“Basic Offer Price”	HK\$7.60 per Share
“Board”	the board of directors of the Company
“Business Day”	has the meaning as ascribed to it under the Takeovers Code
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Closing Date”	the first closing date of the Offers which is 21 days after the despatch of the Composite Document (or if such date is not a Business Day, the next Business Day), or any subsequent closing date as the Offeror may announce, with the permission of the Executive
“Commitment Letter”	means the letter from the Offeror and Toll to the Committed Shareholders to commit to make the Offers
“Committed Shareholders”	each and all of Mr. Anthony Lau, Mr. William Bird, Mr. David Wai, Asian Rim Company Limited and Tropical Holding Investment Inc. who have given irrevocable undertakings to accept the Offers and transfer to the Offeror the Shares held by them or under their control and cancel their Options (if not exercised)
“Companies Act”	the Companies Act 1981 of Bermuda (as amended from time to time)
“Company”	BALtrans Holdings Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 562)

“Composite Document”	this composite offer and response document dated 22 January 2008 issued jointly by the Offeror and the Company in connection with the Offers
“Compulsory Acquisition”	the compulsory acquisition pursuant to Section 102 or 103 of the Companies Act of those Shares which are not already held by the Offeror or acquired by the Offeror pursuant to the Share Offer
“Compulsory Acquisition Condition”	means the receipt of valid acceptances of 90% in value of the Shares on a fully diluted basis assuming all outstanding Options are exercised in full
“Director(s)”	each and all of the directors of the Company from time to time
“Enhanced Consideration”	HK\$0.15 per Share or Option Share, as applicable, calculated by subtracting the Basic Offer Price from the Enhanced Offer Price
“Enhanced Offer Price”	HK\$7.75 per Share
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Form(s) of Acceptance”	the accompanying White Form of Acceptance and/or (as the case may be) the accompany Yellow Form of Acceptance
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Board comprising all the independent non-executive Directors, established for the purpose of advising the Shareholders and Optionholders in relation to the Offers

“Independent Financial Adviser”	CIMB-GK Securities (HK) Limited, a licensed corporation to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee in relation to the Offers
“Irrevocable Undertakings”	irrevocable undertakings given by the Committed Shareholders in favour of the Offeror and Toll to accept the Offers, details of which are set out in Appendix IV
“Joint Announcement”	the joint announcement dated 19 December 2007 and issued jointly by the Offeror and the Company regarding, among other things, the Offers
“Last Trading Day”	14 December 2007, the last trading day for the Shares prior to the publication of the Joint Announcement
“Latest Practicable Date”	18 January 2008, being the latest practicable date prior to the printing of the Composite Document for the purpose of ascertaining certain information contained in the Composite Document
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Anthony Lau”	Mr. Lau Siu Wing, the Chairman of the Company and an executive Director
“Mr. David Wai”	Mr. Wai Chung Hung David, a non-executive Director
“Mr. William Bird”	Mr. William Hugh Purton Bird, a non-executive Director
“Offeror”	Toll (BVI) Limited, a company incorporated in BVI with limited liability and a wholly owned subsidiary of Toll
“Offers”	the Share Offer and the Option Offer
“Option Offer”	the voluntary conditional cash offer being made by Standard Chartered Bank, on behalf of the Offeror, for the cancellation of the Options at the Basic Offer Price or the Enhanced Offer Price (as the case may be) less in each case the exercise price per Option Share of the relevant Option in accordance with the Takeovers Code
“Option Share(s)”	means Share(s) in respect of which an Option is granted

“Optionholders”	holders of Options under the Share Option Scheme
“Option(s)”	Option(s) granted pursuant to the Share Option Scheme
“Overseas Optionholder(s)”	Optionholder(s) whose registered address(es) as shown in the relevant records of the Company are outside Hong Kong
“Overseas Shareholder(s)”	Shareholder(s) whose registered address(es) as shown on the register of members of the Company are outside Hong Kong
“PRC”	the People’s Republic of China (for the purpose of the Composite Document, excluding Hong Kong, the Macau Special Administrative Region and Taiwan)
“Registrar”	Tricor Abacus Limited
“Relevant Period”	the period between 20 March 2007, being the date falling six months before the date of the commencement of the offer period (as defined in the Takeovers Code), up to and including the Latest Practicable Date
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share Offer”	the voluntary conditional cash offer being made by Standard Chartered Bank, on behalf of the Offeror, to acquire all the issued shares and shares to be issued in the share capital of the Company pursuant to the exercise of Options at the Basic Offer Price or Enhanced Offer Price (as the case may be)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholders”	holders of Shares
“Share Option Scheme”	the share option scheme of the Company adopted on 28 December 2001

“Standard Chartered Bank”	Standard Chartered Bank (Hong Kong) Limited, a licensed corporation to carry on businesses in type 1 (dealing in securities), type 4 (advising on securities), and type 6 (advising on corporate finance) regulated activities under the SFO and is a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong
“Toll”	Toll Holdings Limited, Australian Company Number 006 592 089
“White Form of Acceptance”	the form of acceptance and transfer of Shares in WHITE in respect of the Share Offer which accompanies the Composite Document
“Yellow Form of Acceptance”	the form of acceptance and cancellation of the Option in YELLOW in respect of the Option Offer which accompanies the Composite Document
“%”	per cent.