

Chairman's Statement



To the Shareholders

I am pleased to present another record year for BALtrans Group, with our Group turnover exceeding HK\$4 billion milestone for the first time. This represents a tripling of our Group turnover in the last 4 years. During that same period, our own offices had increased from 22 to the latest tally of 60 globally. We are now running our own operations in 18 countries, and together with our partners, we offer a wide coverage of major trading cities around the world.

During the year under review, we made substantial progress in expanding our global platform, notably in the EMEA (Europe, Middle East and Africa) region. With own offices only in the UK at the beginning of the financial year, we had since expanded to 6 countries in the EMEA region, covering some of the key cities in each of the three continents, through selective acquisitions and setting up green-field operations. We had completed key acquisitions in South Africa, Sweden and the Middle East. We had

also consolidated our shareholding and management control over various key entities including Germany, UK and China during the last 12 months. We will undergo a major re-branding exercise in the EMEA region to the BALtrans brand within the next 6 months. These to a large extent epitomize the transformation of the Group from its Greater China roots to becoming a true multinational with an integrated global platform under a single corporate brand and identity.

In January 2006, we signed a strategic alliance agreement with Mitsui & Co., Ltd. ("Mitsui") who is now a major shareholder of the Group. This marks another milestone in the history of the BALtrans Group. With Mitsui's backing and assistance, we are currently reviewing our strategic options in the Japan market, which is a key potential market for us as we aspire to become a multinational freight forwarder.

We have now successfully brought on board senior executives and international talents to strengthen the Group's management team, a critical process which had been largely completed within the financial year as planned. I believe the newly expanded management team with proven international credentials and track record will continue to drive the group to new heights in the coming years.

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I am also very pleased to see that BALtrans' efforts in building a global platform and our contribution towards Hong Kong and its logistics industry have been duly recognized as we were awarded the prestigious Hong Kong Logistics Award for Enterprise, Logistics Award Hong Kong 2006.

Finally, I would like to extend my sincere thanks to our shareholders, customers and employees for their continued support and dedication. With continuing trade growth and the vast potential for us to expand into new markets, I believe that we will deliver increasing shareholders' value in the coming years.

Anthony Siu Wing LAU

Executive Chairman

Hong Kong, 23 November 2006