

Chairman's Statement



RESULTS

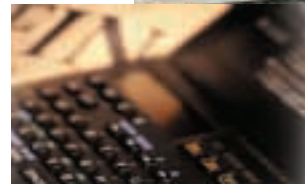
I am pleased to present the operating results of Asia Logistics Technologies Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2000.

BUSINESS REVIEW

As discussed in the interim report, the bowling recreational business, as a whole, was not performing to the expectation of the directors of the Company ("Directors"). During the year ended 31 December 2000, the bowling business continued to slash prices to attract customers due to a decrease in the popularity of bowling activities, which in turn have significantly affected the financial performance of the Group. As a result, the Company has decided to diversify its business to non-bowling related activities with particular focus on supply chain and logistics technology business.

The financial results for the year ended 31 December 2000 reflect mostly the performance of the bowling recreational activities although the Company has decided to diversify into supply chain and logistics technology business in the second half of the financial year. During that period, the Group actively developed an experienced and professional management team to expand and manage its supply chain and logistics technology business. The diversification of the Group's business has attracted support from the market and in mid November 2000, the Company (Hong Kong Stock Exchange stock code 0862) was included as a constituent stock in the Hang Seng Mid-Cap Index.

During the financial year ended 31 December 2000, the Group has disposed of one bowling recreation centre to an independent third party which resulted in a loss of approximately HK\$5.68 million. The Group has also disposed of a parcel of leasehold land and an investment property to two independent third parties respectively which resulted in an aggregate profit of approximately HK\$3.76 million. Subsequent to the financial year end, the Group disposed of two other bowling centres to two independent third parties with no material profit. The Company considers these actions are necessary to minimize the operating loss of the Group and to focus its resources on the supply chain and logistics technology business.



On 21 June 2000, the Company issued 300,000,000 and 100,000,000 new shares of the Company to Silver Valley Limited and Golden Tripod Telecom Limited respectively at a placing price of HK\$0.30 per share. As a result, approximately HK\$117.6 million was raised. The net proceeds would be used as general working capital of the Company and would be invested in supply chain and logistics related businesses. On 21 July 2000, pursuant to a resolution passed at an extraordinary general meeting, the

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name of the Company was changed from “Wah Yik Holdings Company Limited” to “Asia Logistics Technologies Limited”. The Directors also adopted the Chinese name “亞洲物流科技有限公司” on that date. I was appointed Chairman of the Company on 9 December 2000.

The turnover of the Group for the financial year ended 31 December 2000 was approximately HK\$10.02 million, representing a decrease of approximately 80.9% from last year. Net loss for the year was approximately HK\$19.55 million,

representing a decrease of approximately 5.9% compared to that of last year. Loss per share amounted to HK0.84 cent or down 19.2% compared with the same period in 1999. The decrease in turnover was mainly due to a decrease in the popularity of bowling recreation activity.

Up until 30 November 2000, approximately 165 million warrants were exercised and, as a result, the Company raised approximately HK\$32 million in cash, which would be used as general working capital. The remaining unexercised warrants of approximately 235 million expired on 30 November 2000.

PROSPECTS

Although there was a slow-down in the global internet and e-commerce activities in the year 2000, significant growth of these activities in the Greater China region is anticipated in the coming years. China's accession to the World Trade Organization is expected to lead to increased investments and trade with China. As a result, the demand for logistics services will grow. In order to cope with the increase in logistics demand, introduction and adoption of leading edge logistics technology will be inevitable.

Traditional corporations, particularly the state-owned enterprises in China, have legacy software systems that are not capable of integrating with third party systems. These corporations would need to restructure their business process and to adopt leading edge technologies such as advanced enterprise resource

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planning (ERP) systems to streamline their own operations. They would also need to implement advanced supply chain and logistics information systems to cope with increased demand for logistics services and collaboration with their business and trading partners within the supply chain.

These corporations have offered the Company a tremendous business opportunity to provide consulting, professional services, and software solutions. Asia Logistics Technologies Limited will focus on offering supply chain and logistics technology solutions and in order to establish a strong foot-hold in this area, the Directors has established a solid business strategy to take the Company forward. Our value proposition to the supply chain and logistics market is to offer the best team, work with the best partners and provide the best supply chain and logistics solutions to the best fit market at the best moment using the best tactics.

In line with the Company's decision to diversify its business into the supply chain and logistics area, the Group has entered into an agreement, subsequent to the year ended 31 December 2000, with Dr. Houch Zhang pursuant to which Dr. Houch Zhang agreed to procure 北京漢普管理諮詢有限公司 to transfer its business to 漢普管理諮詢(中國)有限公司 ("Han Consulting") (a subsidiary of the Company). Han Consulting offers consulting, professional services and software solutions including business process re-engineering, enterprise resource planning and supply chain management solutions.

The Company plans to develop a supply chain platform aimed at offering supply chain collaboration services. Users of the platform will be able to improve their efficiencies by streamlining the buying and selling process. Strategic alliances with local and global partners are a critical factor to the success of such a supply chain platform, and only the best solutions will be selected to develop such a platform. This platform creates value by providing participants with connectivity and visibility, thus creating complete integration of the entire supply chain. To develop such a platform, the Group has signed agreements with a number of strategic alliances including GE ECXpress (Hong Kong) Limited and Oracle, Corp. In the year ahead, shareholders can expect additional strategic alliance agreements to be signed with the Group, all of which are expected to generate significant revenue and profits for our shareholders.



For the year ahead, the Company is well positioned for substantial growth by capitalizing on its extensive consulting network, expanding its product range and establishing a professional and experienced management team. The Company has already started to create brand awareness through various marketing and sales campaigns. Our strategy is unique and there are no obvious competitors with similar strategies in the market. For the coming year, the Group will concentrate its resources on growing its supply chain and logistics technology

business and will continue to make investments and/or acquisitions that will help grow these businesses effectively.

Lo Lin Shing, Simon

Chairman

Hong Kong, 6 April 2001