

CHAIRMAN'S STATEMENT



I am pleased to present the annual report of Asia Logistics Technologies Limited and its subsidiaries (the "Group") for the financial year ended 31 December 2001.

In 2001, the Group successfully transformed into a professional logistics technology company. We aim to become a leading logistics technology solutions and services provider in China.

PROMISING MARKET ENVIRONMENT

In spite of the global economic downturn, China's economy continued to grow last year. China's GNP has been growing at an annual rate of 7% for the past few years. To tap the many business opportunities, the Group aims to stay ahead of the competition, leading the way with its pioneering position as a leading logistics technology company in the China market.

With the Chinese government's promise to gradually open the market after the country's accession to World Trade Organisation ("WTO"), a huge influx of direct foreign investment and businesses are expected in China. In the past, traditional Chinese corporations, especially those owned by the State, were often plagued by low efficiencies and high costs in comparison to foreign companies. Chinese corporations are therefore desperate to improve their management and IT capabilities in order to face the fierce competition from the growing number of foreign companies. Since China possesses rich resources, excellent manufacturing capabilities and a huge market, it will become one of the most important links in the global supply chain.

According to recent government statistics, the total value of China's logistics market amounted to RMB100 billion and is expected to continue to grow at an annual rate of 30% in the future. Using state-of-art technologies, to enhance internal and external resource efficiencies, effectiveness and flexibilities, in addition, is the lifeblood for a company to stay ahead of the keen competition. The Government envisages the growth of the logistics industry in China and "Logistics" has been included in China's Tenth Five-Year Plan and on the daily work schedule of the State Council.

In light of the Chinese government's pledge to give its full support to the development of the logistics and technology market, the Group, guided by its vision, will actively pursue its business plans.

OUR STRATEGIC DIRECTION

We aim to be the preferred logistics technology service brand for enterprises in China. In strengthening this leading position, the Group has built up and will further develop its core business focus in two main areas: logistics technology solutions and logistics services.

In an effort to provide technology solutions, we support China's enterprises to stay ahead in the global supply chain competition. We apply converging and innovative technology solutions to assist our customers in establishing their market leadership positions.

During the year, the Group has successfully developed the iConsulting business through its investment in 漢普管理諮詢(中國)有限公司 ("HAN"), one of the leading management and IT consulting firms in China. With expertise in business process re-engineering, HAN provides management consulting services to assist Chinese enterprises to reinforce their internal IT and management foundation for their future supply chain operation expansion. To complement HAN, our comprehensive supply chain and logistics solutions are thus extended to their valuable and extensive customer networks.

We will continue to enhance our development capabilities in an effort to provide the best-in-class technology solutions. In the past year, we established a research and development center in Xi'An to cater for customization and localization of software solutions from our client's requirements. The research & development center is staffed with local expertise with industry domain knowledge and professionals in the technology field. In a technology business, people and their talent are the key assets, so we continue to enhance our team's skill sets and expertise through well-planned training and development programmes.

On a similar note, to further enhance our development capabilities, one of the core initiatives in our capability development strategy is to leverage the expertise of our partners. This will enable us to be well-equipped with innovative technology, quality processes and systems to international software development standards. Our first step was the establishment of a joint venture with ZenSar Technologies Limited ("ZenSar"), a leading Indian-based, software solutions provider with the Software Engineering Institute's Capability Maturity Model ("SEI-CMM") Level 5 quality credentials. Securing relationships with specialists in the field will solidify our building of research and development capabilities.

With a market size of RMB100 billion and a annual growth rate of 30%, enterprises in this industry will continue to seek ways to improve the way they conduct business. In capturing this market opportunity, our second core focus is to provide comprehensive logistics services through a premium e-logistics platform. The objective is to strengthen the logistics management and enhancing its logistics tracking infrastructure of the domestic China market. This will be made possible through the utilization of innovative technology integration.

In realizing this mission, the Group acquired 北京金柏新干線信息科技有限公司, a turnkey solutions provider in China. 北京金柏新干線 is a fourth-party integrated logistics services provider, offering one-stop door-to-door network logistics services to customers, including logistics management consulting, warehousing, transportation, packaging, information, goods tracking system and professional training, etc.

ENHANCING THROUGH STRATEGIC ALLIANCES

The Group will also identify investment opportunities in businesses that complement our business expansion and development. As a result, we invested in New World CyberBase Limited ("NWCB") in October 2001, to leverage on its capabilities in solutions and software development. Working in partnership with NWCB, its unique solutions and software products in the areas of logistics, Geographical Information System (GIS) and business process management (BPM) will broaden the Group's products and services, ensuring the Group is highly competitive in the industry.

In seeking ways to expand our business, securing strong strategic investment partners with extended network reach has always been important to us. With our business prospects and proven IT consultancy track record in China, the Company and HAN have attracted Legend Group Limited ("Legend") as a strategic investor at the beginning of 2002. This was an important milestone, as we are now able to leverage Legend's leading market position and widespread client base, to extend our service reach and exponentially grow our business.

Capitalizing on its international exposure and experience, excellent understanding of both the China and international markets, well-established relationships with prominent business partners and the experienced management team, the Group is in a highly advantageous position to become the leading logistics technology company.

APPRECIATION

On behalf of the Directors, I would like to extend our sincere gratitude to the management and staff for their commitment and contribution to the Group. I would also like to express our appreciation to our business partners, customers and shareholders for their continued support.

Lo Lin Shing, Simon

Chairman

Hong Kong, 22 April 2002