
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Asia Logistics Technologies Limited, you should at once hand this circular, together with the enclosed form of proxy to the purchaser or the transferee or to the banker or stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser or the transferee.

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Asia Logistics Technologies Limited
亞洲物流科技有限公司*
(Incorporated in the Cayman Islands with limited liability)

**CONNECTED, DISCLOSEABLE AND
SHARE TRANSACTION**

Financial adviser to Asia Logistics Technologies Limited



Financial adviser to the Independent Board Committee

**Deloitte & Touche
Corporate Finance Ltd**

A letter from the Chairman of Asia Logistics Technologies Limited is set out on pages 4 to 11 of this circular. A letter from the Independent Board Committee of Asia Logistics Technologies Limited is set out on page 12 of this circular.

A letter from Deloitte & Touche Corporate Finance Ltd., the financial adviser to the Independent Board Committee, is set out on pages 13 to 22 of this circular.

A notice convening an extraordinary general meeting of Asia Logistics Technologies Limited to be held at 37th Floor, New World Tower, 16-18 Queen's Road Central, Hong Kong on Wednesday, 16th October, 2002 at 3:00p.m. is set out on pages 28 to 29 of this circular. Whether or not shareholders of Asia Logistics Technologies Limited are able to attend the meeting, they are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong branch share registrars of Asia Logistics Technologies Limited, Abacus Share Registrars Limited at 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong as soon as possible and in any event not later than 48 hours before the time for holding the meeting. Completion and return of the form of proxy will not preclude shareholders from attending and voting at the extraordinary general meeting if they so desire.

* For identification only

27th September, 2002

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DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions have the following meanings:

“ALT Share(s)”	ordinary share(s) with par value of HK\$0.01 each in the issued share capital of the Company
“ALT Shareholder(s)”	holder(s) of ALT Shares
“ALTJ”	亞洲物流(天津)有限公司, a company incorporated under the laws of the PRC with no English name being registered and indirectly wholly owned by Fusion Tech
“Announcement Date”	5th September, 2002, being the date of announcement in respect of the Sale and Purchase Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Company”	Asia Logistics Technologies Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“Completion”	completion of the Sale and Purchase Agreement
“Completion Date”	the date of which Completion takes place
“Conditions Precedent”	the conditions precedent under the Sale and Purchase Agreement
“Consideration”	HK\$45,400,000, being the aggregate consideration for the Sale Shares
“Consideration Share(s)”	300,000,000 ALT Shares, being part of the Consideration
“Cyber Pilot”	Cyber Pilot Limited, a company incorporated in the British Virgin Islands and an indirectly wholly-owned subsidiary of the Company
“Directors”	the directors of the Company
“DTCFL”	Deloitte & Touche Corporate Finance Ltd, the financial adviser to the Independent Board Committee and an investment adviser and securities dealer registered under the Securities Ordinance, Chapter 333 of the Laws of Hong Kong

DEFINITIONS

“Extraordinary General Meeting”	an extraordinary general meeting of the Company to be convened to approve the Sale and Purchase Agreement and the transactions contemplated therein, and any adjournment thereof
“Fusion Tech”	Fusion Tech Holding Limited, a company incorporated in the British Virgin Islands and currently owned as to 45.702% by the Vendor and as to 54.298% by Cyber Pilot
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent ALT Shareholders”	ALT Shareholders other than Mr. Lam Yan Chit, Humfry, the Vendor and any of their respective associates
“Independent Board Committee”	the committee of the board of Directors comprising the independent non-executive Directors which has been formed to advise the Independent ALT Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated therein
“Jinganxian”	北京金幹線運輸科技有限公司, a company incorporated under the laws of the PRC with no English name being registered and owned as to 20% by Mr. Zhao Rui and 80% by Mr. Zhao Zhi
“Latest Practicable Date”	24th September, 2002, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 5th September, 2002 entered into between the Vendor and the Company
“Sale Shares”	45,702 shares of US\$1.00 each representing 45.702% of the issued share capital of Fusion Tech which are currently beneficially owned by the Vendor

DEFINITIONS

“SDI Ordinance”	the Securities (Disclosure of Interests) Ordinance, Chapter 396 of the Laws of Hong Kong
“Shareholders Agreement”	the existing shareholders agreement dated 10th November, 2000 entered into between the Vendor, Cyber Pilot, Fusion Tech, Mr. Zhao Rui and Mr. Zhao Zhi
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Termination Agreement”	the termination agreement to be entered into between the Vendor, Cyber Pilot, Fusion Tech, Mr. Zhao Rui and Mr. Zhao Zhi for the termination of the Shareholders Agreement upon Completion
“US”	United States of America
“WTO”	the World Trade Organisation
“Xinganxian”	北京金柏新幹線信息科技有限公司, a wholly foreign-owned enterprise established under the laws of the PRC with no English name being registered and an indirect wholly-owned subsidiary of Fusion Tech
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Reminbi, the lawful currency of the PRC
“US\$”	United States dollar, the lawful currency of the US
“Vendor”	Southern Victory Developments Limited, a company incorporated in the British Virgin Islands and wholly-owned by Mr. Lam Yan Chit, Humfry, a director of Fusion Tech
“%”	per cent.

LETTER FROM THE CHAIRMAN



Asia Logistics Technologies Limited 亞洲物流科技有限公司*

(Incorporated in the Cayman Islands with limited liability)

Executive Directors:

Mr. Lo Lin Shing, Simon (*Chairman*)
Mr. Chan Ki (*Vice Chairman*)
Mr. Chan Wai Keung, Ringo (*Chief Executive Officer*)
Mr. Yu Ansheng, Ben
Mr. Lo Lin Kwong

Non-Executive Directors:

Dr. Cheng Kar Shun, Henry
Mr. Ho Hau Chong, Norman

Independent Non-Executive Directors:

Mr. To Hin Tsun, Gerald
Mr. Wei Chi Kuan, Kenny

Registered Office:

P.O. Box 309
Ugland House
South Church Street
George Town
Grand Cayman
Cayman Islands
British West Indies

*Principal place of business
in Hong Kong:*

37th Floor, New World Tower
16-18 Queen's Road Central
Hong Kong

27th September, 2002

To the ALT Shareholders

Dear Sirs,

CONNECTED, DISCLOSEABLE AND SHARE TRANSACTION

INTRODUCTION

On 5th September, 2002, the Directors announced that the Company had entered into the Sale and Purchase Agreement pursuant to which the Company had agreed to purchase or procure its nominee to purchase the Sale Shares upon the terms and conditions contained in the Sale and Purchase Agreement.

* *For identification only*

LETTER FROM THE CHAIRMAN

The Sale and Purchase Agreement constitutes a connected, discloseable and share transaction for the Company pursuant to Chapter 14 of the Listing Rules. An Independent Board Committee, comprising the independent non-executive Directors, namely Mr. To Hin Tsun, Gerald and Mr. Wei Chi Kuan, Kenny, has been formed to advise the Independent ALT Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated therein. DTCFL has been appointed as the financial adviser to advise the Independent Board Committee on the terms of the Sale and Purchase Agreement and the transactions contemplated therein.

The purpose of this circular is to give you further information regarding the transactions contemplated under the Sale and Purchase Agreement; to set out the recommendations from the Independent Board Committee and the advice from DTCFL in respect of the terms of the Sale and Purchase Agreement and the transactions contemplated therein; and to give you notice of the Extraordinary General Meeting and other information required under the Listing Rules.

THE SALE AND PURCHASE AGREEMENT

Date

5th September, 2002

Parties

Vendor : Southern Victory Developments Limited
Purchaser : the Company
Asset to be acquired : the Sale Shares

Consideration and payment terms

The Consideration will be satisfied by the Company in the following manners:

- (a) as to HK\$400,000 in cash payable by the Company to the Vendor on Completion which shall be financed by the Company from its internal resources; and
- (b) as to the balance (equivalent to HK\$45,000,000) of the Consideration shall be payable by way of issue and allotment of the Consideration Shares to the Vendor (and/or its nominee) at an issue price of HK\$0.15 per Consideration Share on Completion.

LETTER FROM THE CHAIRMAN

Upon Completion, the Vendor and the Company agreed that 30,000,000 Consideration Shares shall be delivered to the Vendor and the balance of 270,000,000 Consideration Shares shall be held in escrow and shall be released to the Vendor in the relevant portion and time as set out below:

Date	Total number of Consideration Shares to be released to the Vendor	Portion of Consideration Shares
6 months from Completion	150,000,000	50%
12 months from Completion	120,000,000	40%
Total	<u>270,000,000</u>	<u>90%</u>

The Consideration Shares will be issued and allotted subject to the approval of Independent ALT Shareholders at the Extraordinary General Meeting of a specific mandate to be granted to the Directors. The Consideration Shares will rank pari passu in all respects with the existing issued ALT Shares and will represent approximately 8.98% of the issued share capital of the Company as at the Latest Practicable Date and approximately 8.24% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares.

The issue price of the Consideration Shares represents (i) a premium of approximately 69% over the closing price of HK\$0.0890 per ALT Share as at 5th September, 2002 (being the Announcement Date); (ii) a premium of approximately 68% over the average closing price of HK\$0.0892 per ALT Share for the ten consecutive trading days up to and including 5th September, 2002; (iii) a premium of approximately 83% over the closing price of HK\$0.0820 per ALT Share as at the Latest Practicable Date; and (iv) a premium of approximately 77% over the average closing price of HK\$0.0847 per ALT Share for the ten consecutive trading days up to and including the Latest Practicable Date. The value of the Consideration Shares (based on the closing price of HK\$0.0890 per ALT Share as at 5th September, 2002) is HK\$26,700,000.

Conditions Precedent

Completion of the Sale and Purchase Agreement is conditional upon the fulfilment of the following Conditions Precedent (unless otherwise waived by the Company in its absolute discretion):

- (a) all the warranties, representations, indemnities and undertakings given or made by the Vendor under the Sale and Purchase Agreement remain true and correct at all times as from the signing of the Sale and Purchase Agreement up to the Completion Date;
- (b) the passing by the Independent ALT Shareholders at the Extraordinary General Meeting of an ordinary resolution to approve the Sale and Purchase Agreement and the transactions contemplated in the Sale and Purchase Agreement;

LETTER FROM THE CHAIRMAN

- (c) the listing of, and permission to deal in, all the Consideration Shares being granted by the Listing Committee of the Stock Exchange (and such permission and listing not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the Consideration Shares);
- (d) the entering into of a service agreement between Mr. Zhao Rui and the Company or its subsidiary (in a form to be agreed between Mr. Zhao Rui and the Company);
- (e) the entering into of the Termination Agreement by the parties thereto; and
- (f) all necessary approvals and consents from all relevant governmental, regulatory or other authorities and third parties in respect of the transactions contemplated in the Sale and Purchase Agreement having been obtained and not having been revoked.

Completion of the Sale and Purchase Agreement

Completion shall take place on the 5th business day after the fulfillment or satisfaction or waiver by the Company of all the Conditions Precedent.

If any of the Conditions Precedent has not been fulfilled or waived by the Company in its absolute discretion by 30th November, 2002 (or such later date as may be agreed in writing between the parties thereto), the Sale and Purchase Agreement shall from such date have no effect and no party shall have any liability under them (without prejudice to the rights of any party in respect of antecedent breaches).

Basis on which the Consideration was determined

The Consideration was determined after arm's length negotiations between the parties thereto after taking into account, amongst other things, an analysis prepared by the management of the Company with reference to the underlying businesses and future prospects of Fusion Tech, the possible benefits from the synergetic effect between the businesses of the Company and Fusion Tech and a valuation report prepared by VC Partners (Asia) Limited, an independent valuation consulting firm in Hong Kong, dated 2nd January, 2002 valuing the entire equity interest in Xinganxian at HK\$164,000,000 as at 31st December, 2001. In addition, in order to allow the Independent ALT Shareholders and the Independent Board Committee to have a better base to assess the transactions contemplated under the Sale and Purchase Agreement, BMI Appraisals Limited, an independent business valuer, was appointed by the Company subsequent to the Announcement Date to report on the valuation of the entire equity interest in Fusion Tech as at 31st August, 2002, the amount of which is HK\$100 million. The Consideration of HK\$45.4 million represents a discount of approximately 0.66% to the value attributed to the 45.702% equity interest in Fusion Tech as at 31st August, 2002 as reported by BMI Appraisals Limited (the "Valuation"). In addition, the Consideration, if based on the closing price of HK\$0.089 per ALT Share as quoted on the Stock Exchange on 5th September, 2002, of HK\$27.1 million represents a significant discount of approximately 40.7% to the Valuation.

The Directors consider that the Sale and Purchase Agreement was entered into on normal commercial terms and the terms of the Sale and Purchase Agreement are fair and reasonable so far as the Group and the Independent ALT Shareholders are concerned.

LETTER FROM THE CHAIRMAN

REASONS FOR AND BENEFITS OF THE SALE AND PURCHASE AGREEMENT

The principal activity of the Company is investment holding and its subsidiaries are principally engaged in the provision of supply chain and logistics related solutions and services, including research and development, consultancy, offering of software solutions, implementation, and turnkey solutions.

The Directors consider that, by entering into the Sale and Purchase Agreement, Fusion Tech will become an indirect wholly-owned subsidiary of the Company which can capture the most benefits for the Group from the synergies arising from the increased cooperation between the Group and Fusion Tech in providing the total integrated logistics solutions and services to the customers. The logistics management technologies and solutions of the Group could most effectively be complemented and applied with the logistics consultancy and services of Fusion Tech in the marketplace securing every competitive edge to the Group as a one-stop supply chain and logistics solution provider in the Greater China Region.

Following the accession of the PRC into WTO, it is apparent that the logistics services will be one of the blooming industries in the PRC. Accordingly, the Directors believe that the increase in shareholding interest in Fusion Tech will enhance business cooperation between the Group and Fusion Tech and result in a synergetic effect that would be in the best interest of the Group and to the benefit of the ALT Shareholders as a whole.

INFORMATION ON FUSION TECH

Fusion Tech is a company incorporated in the British Virgin Islands and is an indirect 54.298% owned subsidiary of the Company as at the Latest Practicable Date. Fusion Tech is an investment holding company which indirectly holds 100% equity interest in Xinganxian and ALTJ which were established on 23rd October, 2000 and 13th June, 2002 respectively. The companies are principally engaged in the provision of the fourth parties logistics services, logistics management, development and implementation of supply chain technologies and the related consultancy services in the PRC.

After Completion, Fusion Tech will become an indirect wholly-owned subsidiary of the Company.

The unaudited consolidated loss before and after tax of Fusion Tech for the period from 5th July, 2000 (being the date of incorporation of Fusion Tech) to 31st December, 2001 were approximately HK\$286,000 and HK\$286,000 respectively whereas the unaudited consolidated loss before and after tax of Fusion Tech for the six months ended 30th June, 2002 were approximately HK\$384,000 and HK\$384,000 respectively. The unaudited consolidated net tangible assets of Fusion Tech was approximately HK\$110,000 as at 30th June, 2002.

LETTER FROM THE CHAIRMAN

Since Fusion Tech was incorporated in July 2000 and actually commenced its operation in 2001, thus the business of the Fusion Tech's group of companies is currently in the development stage and operating under negative profitability. Nevertheless, the Company is of the view that, through Fusion Tech, it will be able to enter into the Chinese logistics service market and penetrate into major cities (including Beijing, Shanghai, Tianjin, Guangzhou and Chengdu) via 150 service points immediately, which creates a crucial value for the Company as the leading logistics services provider in the PRC. Up to the Latest Practicable Date, Fusion Tech and its subsidiaries have entered into three memoranda of understanding with prospective customers in Guangzhou, Shenzhen and Beijing for provision of logistics services. As such, the Directors consider that the acquisition of the remaining interest in Fusion Tech will bring along with favourable contribution to the Group.

On 4th September, 2000, Cyber Pilot has granted a shareholder's loan to Fusion Tech in the sum of HK\$10,000,000 which is still outstanding as at the date of the Sale and Purchase Agreement. Cyber Pilot only became an indirect wholly-owned subsidiary of the Company on 3rd January, 2002 upon exercise by the Company of the exchangeable notes, details of which was disclosed in the announcement of the Company dated 8th June, 2001. The shareholder's loan was granted by the previous sole shareholder of Cyber Pilot and it was pre-existing before Cyber Pilot became a subsidiary of the Company. The amount and terms of the shareholder's loan remain unchanged since Cyber Pilot became a subsidiary of the Company.

REASONS FOR ENTERING INTO A SERVICE AGREEMENT WITH MR. ZHAO RUI

Mr. Zhao Rui is a director and the key management of Fusion Tech. In order to secure Mr. Zhao Rui's dedication and long-term service to the Group, the Directors believe that the entering into of a service agreement with Mr. Zhao Rui would be in the best interest of the Group and to the benefit of the ALT Shareholders as a whole.

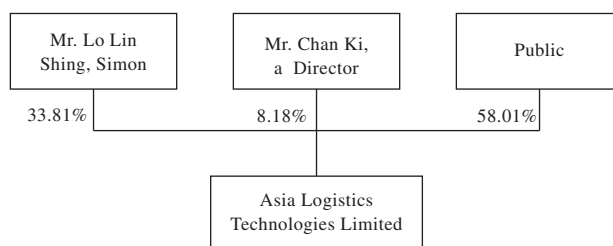
Mr. Zhao Rui, a director of Fusion Tech, owns 20% equity interest in Jinganxian which is principally engaged in the business of logistics services and technology provider in the PRC. The balance of the remaining 80% equity interest in Jinganxian is owned by Mr. Zhao Zhi, the brother of Mr. Zhao Rui. Jinganxian and Xinganxian entered into exclusive services agreements both on 10th November, 2000 that Xinganxian would provide logistics technology and marketing services to Jinganxian, in return, Jinganxian would pay to Xinganxian 90% of its profit before tax, if any. Up to the Latest Practicable Date, no service has been provided by Xinganxian to Jinganxian. Moreover, Jinganxian has been a loss-making company and accordingly, no consideration has been ever paid to Xinganxian under the exclusive services agreements. The unaudited loss before and after taxation of Jinganxian for the year ended 31st December, 2001 were approximately RMB1.9 million and RMB1.9 million respectively. The unaudited loss before and after taxation of Jinganxian for the six months ended 30th June, 2002 were approximately RMB0.65 million and RMB0.65 million respectively. The Directors are of the view that the exclusive services agreements entered into between Xinganxian and Jinganxian are on normal commercial terms. The Company will ensure that any services to be

LETTER FROM THE CHAIRMAN

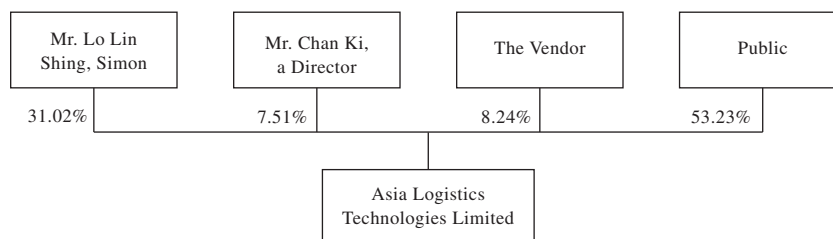
provided by Xinganxian to Jinganxian pursuant to the exclusive services agreements will comply with the requirements of the Listing Rules. Each of Mr. Zhao Zhi and Mr. Zhao Rui has also undertaken, amongst other things, to procure the transfer of his equity interests in Jinganxian to Fusion Tech or its nominees at nominal value at the request of Fusion Tech. Upon the Completion and the transfer of such equity interests from Mr. Zhao Zhi and Mr. Zhao Rui, Jinganxian would be an indirectly wholly-owned subsidiary of the Company. The Company will also ensure that such transfer will comply with the requirements of the Listing Rules.

SHAREHOLDING STRUCTURE OF THE COMPANY IMMEDIATELY BEFORE AND AFTER COMPLETION

Immediately before Completion (as at the Latest Practicable Date)



Immediately after Completion



GENERAL

The Vendor is a substantial shareholder of Fusion Tech and is therefore considered to be a connected person for the Company under the Listing Rules. Hence, the entering into of the Sale and Purchase Agreement by the Company constitutes a connected, discloseable and share transaction under the Listing Rules and will be subject to the approval by the Independent ALT Shareholders at the Extraordinary General Meeting.

As at the Latest Practicable Date, Mr. Lam Yan Chit, Humfry, the Vendor and any of their respective associates (as defined in the Listing Rules) do not have any shareholding interest in the Company. In the event that Mr. Lam Yan Chit, Humfry, the Vendor and/or any of their respective associates shall hold any interest in the Company after the Latest Practicable Date, they shall abstain from voting in the Extraordinary General Meeting.

LETTER FROM THE CHAIRMAN

DTCFL has been appointed to advise the Independent Board Committee on the terms of the Sale and Purchase Agreement and the transactions contemplated therein. The Independent Board Committee, having taken into account the advice of DTCFL considers that the terms of the Sale and Purchase Agreement and the transactions contemplated therein are fair and reasonable so far as the Independent ALT Shareholders are concerned and recommends the Independent ALT Shareholders to vote in favour of the ordinary resolution to be proposed at the Extraordinary General Meeting in respect of the Sale and Purchase Agreement.

EXTRAORDINARY GENERAL MEETING

A notice of the Extraordinary General Meeting to be held at 37th Floor, New World Tower, 16-18 Queen's Road Central, Hong Kong at 3:00p.m. on Wednesday, 16th October, 2002 is set out on pages 28 and 29 of this circular. An ordinary resolution will be proposed at the Extraordinary General Meeting to approve the Sale and Purchase Agreement and the transactions contemplated therein.

A form of proxy for use at the Extraordinary General Meeting is enclosed. Whether or not you are able to attend the meeting, you are requested to complete this form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrars, Abacus Share Registrars Limited, at 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the Extraordinary General Meeting or at any adjourned meeting should you so wish.

FURTHER INFORMATION

Your attention is drawn to the information set out in the letter from the Independent Board Committee, the letter of advice from DTCFL and the appendix to this circular.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Yours faithfully,
For and on behalf of
Asia Logistics Technologies Limited
Lo Lin Shing, Simon
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



Asia Logistics Technologies Limited
亞洲物流科技有限公司*
(Incorporated in the Cayman Islands with limited liability)

27th September, 2002

To the Independent ALT Shareholders

Dear Sirs,

**CONNECTED, DISCLOSEABLE AND
SHARE TRANSACTION**

We refer to the circular issued by the Company to the ALT Shareholders dated 27th September, 2002 (the "Circular"), of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires. The purpose of the Independent Board Committee is to advise you as to whether, in our opinion, the terms of the Sale and Purchase Agreement and the transactions contemplated therein are fair and reasonable in so far as the Independent ALT Shareholders are concerned.

DTCFL has been appointed by the Company as the financial adviser to advise the Independent Board Committee in relation to the fairness and reasonableness of the Sale and Purchase Agreement and the transactions contemplated therein. Details of DTCFL's conclusion and advice, together with the principal factors and reasons considered in arriving at such conclusion and advice are set out in its letter on pages 13 to 22 of the Circular. We urge you to read that letter carefully.

Having taken into account the principal factors and reasons considered by DTCFL regarding the Sale and Purchase Agreement and its conclusion and the transactions contemplated therein and advice, the Independent Board Committee concurs with the view of DTCFL that the terms of the Sale and Purchase Agreement and the transactions contemplated therein are fair and reasonable so far as the Independent ALT Shareholders are concerned. That being the case, we advise the Independent ALT Shareholders to vote in favour of the ordinary resolution to approve the Sale and Purchase Agreement and the transactions contemplated therein at the Extraordinary General Meeting.

Yours faithfully,
The Independent Board Committee
Mr. To Hin Tsun, Gerald
Mr. Wei Chi Kuan, Kenny
Independent non-executive Directors

* *For identification only*

LETTER FROM DTCFL

Set out below is the text of a letter from DTCFL, the independent financial adviser to the Independent Board Committee, prepared for the purpose of incorporation in this circular.

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**Deloitte & Touche
Corporate Finance Ltd**

27 September 2002

*To the Independent Board Committee of
Asia Logistics Technologies Limited*

Dear Sirs,

We refer to our engagement to advise the Independent Board Committee in respect of the proposed connected, discloseable and share transaction of the Company announced on 5 September 2002 (the “Announcement”) which involves, inter alia, the purchase of 45,702 shares representing 45.702% of the issued share capital of Fusion Tech from the Vendor for a consideration of HK\$0.4 million in cash and HK\$45.0 million by way of issue and allotment of 300 million new shares of the Company (the “Consideration Shares”) at an issue price of HK\$0.15 per Consideration Share (the “Transaction”). Unless defined otherwise, terms used in this letter shall have the same meanings as those defined in the section headed “Definitions” in the circular of the Company dated 27 September 2002 (the “Circular”) of which this letter forms part. Furthermore, unless specified otherwise, the exchange rate adopted in this letter for currency conversion between HK\$ and RMB is HK\$1.00 = RMB1.07.

Pursuant to the Sale and Purchase Agreement, the equity interests of the Group in Fusion Tech will increase from approximately 54.298% immediately before completion of the Sale and Purchase Agreement to 100%, which will result in Fusion Tech becoming a wholly owned subsidiary of the Company. The Vendor is a substantial shareholder of Fusion Tech and is considered to be a connected person for the Company under the Listing Rules. Therefore, the entering into of the Sale and Purchase Agreement constitutes a connected transaction of the Company according to Chapter 14 of the Listing Rules and will be subject to the approval of the Independent ALT Shareholders at the Extraordinary General Meeting. The Vendor, Mr. Lam Yan Chit, Humfry and their respective associates (as defined under the Listing Rules) do not have any shareholding interest in the Company. Should they purchase any ALT Shares prior to the Extraordinary General Meeting, they will abstain from voting on the ordinary resolution to be proposed at the Extraordinary General Meeting to approve the Sale and Purchase Agreement and the transactions contemplated therein.

LETTER FROM DTCFL

We have been appointed as the financial adviser to the Independent Board Committee to give an opinion as to whether the terms of the Sale and Purchase Agreement are fair and reasonable so far as the interests of the Independent ALT Shareholders as a whole are concerned and on whether the Independent Board Committee should recommend the Independent ALT Shareholders to vote in favour of the ordinary resolution to approve the Sale and Purchase Agreement and the transactions contemplated therein. Details of the Sale and Purchase Agreement are contained in the “Letter from the chairman” set out on pages 4 to 11 of the Circular.

In formulating our opinion with regard to the terms of the Sale and Purchase Agreement, we have relied on the accuracy of the information and representations contained in the Circular, which have been provided by the Directors and have assumed all information and representations made or referred to in the Circular were true at the time they were made and continued to be true at the date of the Circular. We have also assumed that all statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and have been advised by the Directors that no material facts have been omitted from the information provided and referred to in the Circular. We consider that we have reviewed sufficient information to reach an informed view and to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, conducted any independent investigation into the business and affairs or the future prospects of the Company.

Our opinion is necessarily based on the financial, economic, market, regulatory, and other conditions as they exist on, and the facts, information, and opinions made available to us as of, the date of this letter. We disclaim any undertaking or obligation to advise any person of any change in any fact or matter affecting the opinion expressed herein which may come or be brought to our attention after the date hereof.

BACKGROUND OF THE COMPANY

At the time of listing of the Company on the Stock Exchange in October 1998, it was principally engaged in the operation of bowling recreation centres in major cities within Fujian Province of the PRC. In 2000, the Company went through a series of changes in its shareholding structure and in the composition of the board of Directors, and the principal business of the Company has been transformed into the provision of logistics technologies covering supply chain and logistics related services. Pursuant to the passing of a special resolution of the Company and the issuance of the certificate of incorporation by the Registrar of Companies in the Cayman Islands, the Company successfully changed its name from Wah Yik Holdings Company Limited to Asia Logistics Technologies Limited with effect from 31 July 2000.

LETTER FROM DTCFL

The Group has since undertaken a series of disposals and acquisitions and related activities in transforming its business into the provision of supply chain and logistics related services. In particular, the Group announced, on 3 January 2001, the acquisition of 51% interest in Han International Consulting Company Limited (“Han International”) the principal business of which, following completion of the acquisition, comprised the provision of consultancy services and sale of software management solutions in the PRC. The equity interests of the Group in Han International were increased to approximately 61.8% pursuant to the sale of certain assets and business by the Group to Han International in consideration of the allotment and issue of shares of Han International as announced on 12 December 2001 and the exercise of convertible notes issued to the Company by Han International on 21 January 2002. On 10 May 2002, the Company’s stake in Han International was reduced to 30% as a result of the subscription of new shares in Han International and the injection of assets into Han International by Legend Group Limited, one of the most prominent information technology equipment and consultancy services providers in the PRC.

On 8 June 2001, the Group announced that it had subscribed for two series of exchangeable notes in January and June of 2001 exchangeable, in two stages, for an aggregate of 100% share capital of Cyber Pilot which owned a 52.225% stake in Fusion Tech, a company, through its subsidiaries, engaged in the provision of fourth parties logistics services, logistics management, development and implementation of supply chain technologies and the related consultancy services in the PRC. Before the conversion of the exchangeable notes on 3 January 2002, the Group also acquired a 2.073% stake in Fusion Tech. Therefore, Cyber Pilot owned a total of 54.298% stake in Fusion Tech upon the conversion of the exchangeable notes.

On 16 October 2001, the Company further announced the acquisition of approximately 18.5% equity interests in New World CyberBase Limited, a company listed on the Main Board of the Stock Exchange principally engaged in the provision of one-stop-shop e-Business solutions including software products, application solutions, network solutions and information technology services in the Greater China Region. The Company further increased its equity interests in New World CyberBase Limited to approximately 27.5% in April 2002 by the subscription and underwriting of its rights issue.

As described in the “Letter from the chairman” in the Circular, the Group now positions itself as a provider of supply chain and logistics related solutions and services, including research and development, consultancy, offering of software solutions, implementation, and turnkey solutions.

LETTER FROM DTCFL

PRINCIPAL FACTORS CONSIDERED

Fusion Tech and the expected benefits from the Sale and Purchase Agreement

As disclosed in the Announcement, Fusion Tech is a company incorporated in the British Virgin Islands in July 2000, which commenced operations in 2001. Its business is currently in the development stage. The consolidated unaudited loss before and after tax of Fusion Tech for the six months ended 30 June 2002 was approximately HK\$384,000 and HK\$384,000 respectively while the consolidated unaudited net tangible asset value of Fusion Tech as at 30 June 2002 was approximately HK\$110,000.

Fusion Tech indirectly holds 100% interests in two wholly foreign-owned enterprises established under the laws of the PRC, Xinganxian and ALTJ. Both companies are engaged in the provision of fourth parties logistics services, logistics management, development and implementation of supply chain technologies and related consultancy services in the PRC.

Xinganxian entered into exclusive agreements on 10 November 2000 with Jinganxian, a logistics services and technology provider in the PRC owned as to 20% by Mr. Zhao Rui and as to 80% by his brother, Mr. Zhao Zhi. Under these 15-year agreements, Xinganxian would provide logistics technology and marketing services to Jinganxian in return for 90% of Jinganxian's profit before tax. As advised by the Directors, Xinganxian may also provide such services to customers other than Jinganxian. However, up to the Latest Practicable Date, no services have been provided by Xinganxian to Jinganxian or any other customers.

Jinganxian is principally engaged in the provision of road transportation and integrated logistics services. Jinganxian has been a loss-making company for the two years ended 31 December 2001. Mr. Zhao Rui and Mr. Zhao Zhi have each undertaken to procure the transfer of their equity interests in Jinganxian at nominal value to Fusion Tech or its nominees at the request of Fusion Tech.

ALTJ commenced operations in September 2002 to provide fourth party logistics services, logistics management, development and implementation of supply chain technologies and related consultancy services in the PRC. Up to the Latest Practicable Date, no revenue has been generated by ALTJ. As confirmed by the Directors, Fusion Tech will centralise its resources and provide services in the PRC through ALTJ. ALTJ will become the main operating arm of Fusion Tech's group of companies.

Mr. Zhao Rui, a director and the key management of Fusion Tech, will enter into a service contract with Fusion Tech or its subsidiary in order to ensure the continued smooth running of operations upon Completion. The service contract will contain certain conditions and terms so that Mr. Zhao's compensation will be based on the financial result and performance of Fusion Tech.

LETTER FROM DTCFL

We have been informed that the Directors foresee that, in providing the total integrated logistics solutions and services to the customers, there will be increased cooperation between the Group and Fusion Tech. The logistics management technologies and solutions of the Group could most effectively be complemented and applied with the logistics consultancy and services of Fusion Tech in the marketplace securing every competitive edge to the Group as a one-stop supply chain and logistics solution provider in the Greater China Region.

As stated in the “Letter from the chairman” in the Circular, following the accession of the PRC into the WTO, it is apparent that logistics services will be one of the blooming industries in the PRC. According to the “Business China” report published by the Economist Intelligence Unit, logistics costs in the PRC are currently many times those in the US and the European Union, due to inadequate transportation infrastructure and fragmented distribution networks. Wholly foreign owned logistics networks in the PRC are to be allowed by 2004. Foreign competition is expected to result in large-scale third party logistics providers. The outsourced transportation and logistics market in the PRC is estimated to be worth RMB39 billion in 2001, and forecasted growth in this market is expected to exceed 25% per annum over 2002 to 2003. Fusion Tech is mainly engaged in fourth party logistics businesses, serving these third party logistics providers, and is thus positioned to benefit as these third party logistics providers gain market share, as multinationals and large domestic companies lead the trend towards outsourcing their transport and logistics operations.

Through entering into the Sale and Purchase Agreement, Fusion Tech will become an indirect wholly owned subsidiary of the Company. The Directors believe that the Group will then be in a most flexible position (both business-wise and regulatory-wise) in managing the increase in cooperation between the Group and Fusion Tech and be able to combine expertise, apply technologies, reengineer work processes and redistribute resources effectively. Through the network of Fusion Tech’s 150 service points in major cities in the PRC, the Group would be able to establish critical mass and a large coverage in the PRC to quickly and competently attract medium and large size customers from different kinds of industries. The Directors consider that this type of customers has more stable and recurring demand for services and has more resources for integrated supply chain management solutions.

In consideration of the factors set out above in respect of the benefits from the Sale and Purchase Agreement, we consider that the Sale and Purchase Agreement is in the interests of the Company and the Independent ALT Shareholders as a whole. Although Fusion Tech is currently at the start-up stage of development, in view of the positive growth prospects for the PRC logistics industry, the potential for Fusion Tech’s substantial network of service points in the PRC, and the prospects for synergy between Fusion Tech and other businesses within the Group, we consider that the expected benefits from the Transaction are justifiable.

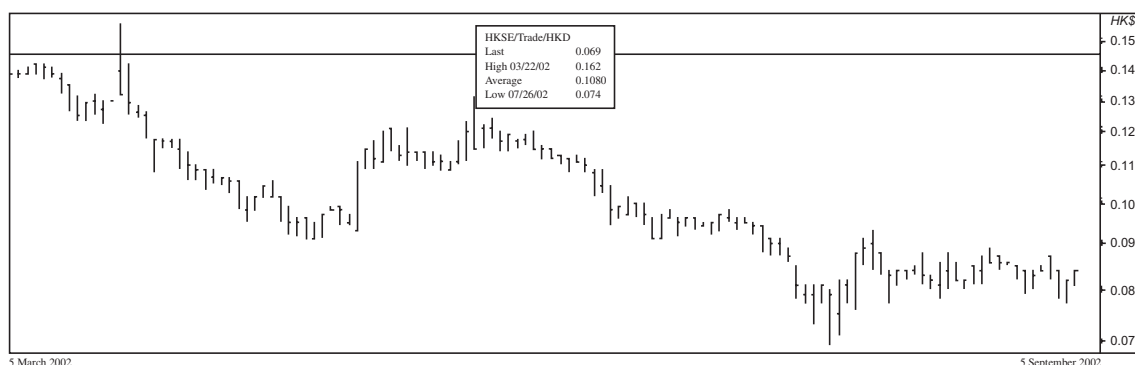
LETTER FROM DTCFL

Consideration of the Sale and Purchase Agreement and the issue price of the Consideration Shares

Under the Sale and Purchase Agreement, the Company would purchase from the Vendor 45,702 shares which represent 45.702% of the entire issued share capital of Fusion Tech at a consideration of HK\$45,400,000, which is to be satisfied as to HK\$400,000 by cash payable upon Completion and as to HK\$45,000,000 by allotment and issuance of 300 million new shares of the Company at an issue price of HK\$0.15 per ALT Share on Completion.

The Vendor is a company wholly owned by Mr. Lam Yan Chit, Humfry, who is a director of Fusion Tech. The Vendor and the Company have agreed that 30 million Consideration Shares representing 10% of the total number of the Consideration Shares will be delivered to the Vendor upon Completion, with the remaining 270 million Consideration Shares to be held in escrow. A further 150 million Consideration Shares representing 50% of the total number of the Consideration Shares will be released to the Vendor 6 months after Completion, and the remaining 120 million Consideration Shares representing 40% of the total number of the Consideration Shares will be released to the Vendor 12 months after Completion. The Directors are of the opinion, and we concur, that such arrangement will secure the Consideration Shares as a long-term investment of the Vendor in the Company thus reducing the potential price fluctuation of the ALT Shares. As confirmed by the Directors, Mr. Lam Yan Chit, Humfry will resign as a director of Fusion Tech after Completion.

As shown in the graph below, the issue price of the Consideration Shares is at a substantial premium of approximately 69% over the closing price of HK\$0.089 per ALT Share as quoted on the Stock Exchange on 5th September 2002, the date of the Announcement. The issue price of the Consideration Shares is also at a substantial premium of approximately 39% over the average traded value per ALT Share of HK\$0.108 over the six months to 5th September 2002.



Source: Bloomberg

LETTER FROM DTCFL

The Group originally paid approximately HK\$78.56 million for its initial 54.298% stake in Fusion Tech (by way of acquiring a 2.073% stake from the Vendor and the conversion of the exchangeable notes into a 100% interest in Cyber Pilot in January 2002). This original purchase price valued a 100% stake in Fusion Tech at approximately HK\$144.68 million.

The effective price to be paid by the Group for a 45.702% interest in Fusion Tech under the Sale and Purchase Agreement, based on the new share issue price of HK\$0.15 per ALT Share, is HK\$45.4 million. This purchase price values a 100% stake in Fusion Tech at approximately HK\$99.34 million, which represents a discount of approximately 31.34% to the original price paid by the Group.

The effective price to be paid by the Group for a 45.702% interest in Fusion Tech under the Sale and Purchase Agreement, based on the closing price of HK\$0.089 per ALT Share on 5 September 2002, the date of the Announcement, is HK\$27.1 million. This purchase price values a 100% stake in Fusion Tech at approximately HK\$59.30 million, which represents a discount of approximately 59.01% to the original price paid by the Group.

We are of the view that the above-mentioned discounts with reference to the original price paid by the Group are indicative only. The original price is not totally comparable to the price for the Transaction when taking into account (i) the market conditions at different points of time and; (ii) a premium originally paid for acquiring the controlling stake of Fusion Tech.

The Consideration was determined after arms length negotiations between the parties, taking into account the underlying businesses and future prospects of Fusion Tech, the potential benefits from synergy between the Group's business and that of Fusion Tech and a valuation report on Xinganxian as at 31 December 2001 from VC Partners (Asia) Limited dated 2 January 2002. The Directors have confirmed that this valuation report was prepared for the purpose of preparation of the Company's annual report and the evaluation on the conversion of the exchangeable notes. We are of the view that such report is not entirely relevant to the Transaction since it was dated 9 months ago. ALTJ had not yet been incorporated as at the date of valuation and subsequently the management of Fusion Tech has determined to use ALTJ as the main operating arm of Fusion Tech.

The effective price to be paid by the Group under the Sale and Purchase Agreement, based on the closing price of HK\$0.089 per ALT Share on 5 September 2002, represents a substantial premium of approximately 53,800% over the consolidated unaudited net tangible asset value of Fusion Tech. However, it represents a significant discount of approximately 40.7% to the value of HK\$100 million attributed to Fusion Tech as at 31 August 2002 ("the Valuation") taking into account its future prospects by BMI Appraisals Limited (the "Valuer"), an independent business valuer. The Consideration to be paid by the Group under the Sale and Purchase Agreement based on the new share issue price of HK\$0.15 per ALT Share represents a substantial premium of approximately 90,200% over the consolidated unaudited net tangible asset value of Fusion Tech and represents a discount of 0.7% to the Valuation. In view of the business potential of Fusion Tech as reflected in the valuation report prepared by the Valuer (the "Valuation Report") and the positive growth prospects of the PRC logistics industry, we consider that the premium over the consolidated unaudited net tangible asset value is acceptable.

LETTER FROM DTCFL

In assessing the fairness and reasonableness of the Consideration, we have reviewed the methodology, bases and assumptions underlying the Valuation prepared by the Valuer.

(i) *Methodology*

As noted from the Valuation Report, there are two generally accepted valuation approaches to value Fusion Tech, namely (a) the Market Approach; and (b) the Income Approach. The Valuer considers that, given its start-up nature and in the absence of sufficient historical financial track record of Fusion Tech, the Income Approach is a more appropriate method of valuing the logistics business of Fusion Tech. Under this approach, the expected future economic benefits of Fusion Tech have been estimated using the discounted value of the future cash flows of Fusion Tech.

If the Market Approach is adopted in valuing Fusion Tech, relevant market comparables have to be obtained. However, those relevant market comparables had already been in operation for a number of years and are more mature than Fusion Tech, which lacks sufficient financial track record. As such, we concur with the Valuer's view that the Income Approach is an appropriate method for the Valuation.

(ii) *Factors considered in the Valuation Report*

We noted that in arriving the Valuation, the Valuer has considered, inter alia, (a) the nature and businesses carried on by Fusion Tech and the history of the operation from its inception; (b) the business development plans of Fusion Tech; (c) the financial conditions of Fusion Tech; (d) the economic outlook and the industry outlook in general; and (e) the market-derived investment returns of entities engaged in similar lines of business. In addition, due to the changing environments in which Fusion Tech is operating, a number of assumptions has been established by the Valuer in order to support their valuation. We are of the view that the factors considered by the Valuer in arriving at the Valuation are adequate and appropriate and the assumptions adopted by the Valuer are fair and reasonable.

Despite the significant premium of the Consideration over the consolidated unaudited net tangible asset value of Fusion Tech, we consider the Consideration is fair and reasonable so far as the Independent ALT Shareholders are concerned based on the following reasons:

- (a) the approximately 31.34% discount of the Consideration (based on the new share issue price of HK\$0.15 per ALT Share) to the original price paid by the Group as explained above;

LETTER FROM DTCFL

- (b) the approximately 40.7% discount of the Consideration (based on the closing price of HK\$0.089 per ALT Share on 5 September 2002) to the Valuation in which we have reviewed the methodology, factors, bases and assumptions considered and/or adopted; and
- (c) the significant premium of the issue price of the Consideration Shares of HK\$0.15 per ALT Share over the prevailing ALT Share price.

Financial effects on the Group

The consolidated results of Fusion Tech will continue to be consolidated into the results of the Group as a wholly owned subsidiary from the date of Completion. The consolidated unaudited net tangible asset value of Fusion Tech as at 30 June 2002 was approximately HK\$0.1 million, which represented less than 0.1% of the consolidated audited net tangible asset value of the Group of HK\$278.8 million as at 31 December 2001. We are of the view that the Transaction will have no material adverse impact on the net tangible assets of the Group.

The unaudited consolidated loss before and after tax of Fusion Tech for the six months to 30 June 2002 was approximately HK\$0.4 million, which represented approximately 1.6% of the audited consolidated loss after tax of the Group of HK\$24.3 million as at 31 December 2001. We consider this comparison to be at best partially relevant, as 2001 represented a transition year for the Group, during which it sold its remaining bowling recreational businesses and made a number of new investments in order to build and develop its position in the logistics technology and services field in the PRC.

The Directors anticipate that as a result of the acquisition of 45.702% interest in Fusion Tech, a goodwill impairment of approximately HK\$25 million may arise subject to the valuation of Fusion Tech in the result of the Group for the year ending 31 December 2002. In addition, the Directors expect that goodwill of approximately HK\$45 million will arise as a result of the Transaction, such goodwill will be amortised according to the Group's accounting policies of over 20 years by using straight line method. In summary, such goodwill impairment and goodwill amortisation, if required, would result in a one-off loss of approximately HK\$25 million in the year ending 31 December 2002 and an additional amortisation charge of approximately HK\$2.25 million per year. The Directors consider, and we concur, that such treatment is acceptable as the impairment and amortisation of goodwill are non-cash items which do not affect the operations of the Group.

LETTER FROM DTCFL

In view of the cash consideration of HK\$400,000 for the Transaction, the Directors believe that the Transaction will have no material adverse impact on the Group's cash flows. Furthermore, the Directors are also of the view that the Transaction will have a potential positive effect on the future earnings of the Group having considered (i) the business potential of Fusion Tech; (ii) the memorandum of understanding entered into with prospective customers by Fusion Tech and its subsidiaries as mentioned in the "Letter from the chairman" in the Circular; and (iii) the positive growth prospects of the PRC logistics industry.

Shareholding dilution to existing ALT Shareholders

Based on the issue price of HK\$0.15 per Consideration Share, a total of 300,000,000 ALT Shares will be issued by the Company representing approximately 8.98% of the existing issued ALT Shares as at the Latest Practicable Date and approximately 8.24% of the issued share capital of the Company as enlarged by such issue. The interests of the existing ALT Shareholders will be diluted from 100% to approximately 91.76%. Although the existing ALT Shareholders will suffer a dilution in their shareholding, taking into account the earning potential of Fusion Tech as reflected in the business valuation of Fusion Tech, we believe that the dilution effect on the shareholding of the ALT Shareholders is acceptable.

CONCLUSION

Having considered the principal factors and reasons referred to the above, we consider that the Sale and Purchase Agreement and the transactions contemplated therein are in the interests of the Company and the terms thereof are fair and reasonable so far as the Independent ALT Shareholders as a whole are concerned. Accordingly, we would advise the Independent Board Committee to advise the Independent ALT Shareholders to vote in favour of the ordinary resolution to be proposed at the Extraordinary General Meeting to approve the Sale and Purchase Agreement.

Yours faithfully,
For and on behalf of
Deloitte & Touche Corporate Finance Ltd
Lawrence Chia
Managing Director

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. SHARE CAPITAL

	Number of ALT Shares	Amount HK\$
<i>Authorised:</i>		
As at the Latest Practicable Date	<u>10,000,000,000</u>	<u>100,000,000</u>
<i>Issued and to be issued as fully paid:</i>		
ALT Shares in issue as at the Latest Practicable Date	3,341,555,700	33,415,557
Consideration Shares to be issued	<u>300,000,000</u>	<u>3,000,000</u>
	<u>3,641,555,700</u>	<u>36,415,557</u>

3. DISCLOSURE OF DIRECTORS' INTERESTS

As at the Latest Practicable Date, save as disclosed below, none of the Directors had any other interests in the securities of the Company or any associated corporations (within the meanings of the SDI Ordinance) which were required to be notified to the Company and the Stock Exchange pursuant to Section 28 of the SDI Ordinance (including interests which they were deemed or taken to have under Section 31 or Part 1 of the Schedule to the SDI Ordinance) or which are required, pursuant to Section 29 of the SDI Ordinance, to be entered in the register referred to therein or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

(i) The ALT Shares:

Name of Directors	Number of ALT Shares held	Approximate percentage of total issued share capital of the Company as at the Latest Practicable Date
Mr. Lo Lin Shing, Simon (Note (a))	1,129,758,000	33.81%
Mr. Chan Ki (Note (b))	273,420,000	8.18%

Notes:

- (a) These shares are beneficially owned by Golden Infinity Co., Ltd., a company incorporated in the British Virgin Islands whose entire issued share capital is legally and beneficially owned by Mr. Lo Lin Shing, Simon.
- (b) These shares are beneficially owned by Silver Valley Limited, a company incorporated in the British Virgin Islands whose entire issued share capital is legally and beneficially owned by Mr. Chan Ki.

(ii) Share options of the Company:

Name of Directors	No. of share options of the Company granted	Date of grant	Exercise period	Exercise price per ALT Share	No. of share options of the Company outstanding as at the Latest Practicable Date
Mr. Lo Lin Shing, Simon	57,000,000	14th August, 2000	15th August, 2000 to 14th August, 2003	HK\$0.284	57,000,000
	20,000,000	8th February, 2002	9th February, 2002 to 8th February, 2008	HK\$0.150	20,000,000
Mr. Chan Ki	57,000,000	14th August, 2000	15th August, 2000 to 14th August, 2003	HK\$0.284	57,000,000
Mr. Chan Wai Keung, Ringo	10,000,000	8th February, 2002	9th February, 2002 to 8th February, 2008	HK\$0.150	10,000,000
Mr. Yu Ansheng, Ben	10,000,000	8th February, 2002	9th February, 2002 to 8th February, 2008	HK\$0.150	10,000,000

4. SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors, other than Golden Infinity Co., Ltd. and Mr. Lo Lin Shing, Simon as disclosed in the section headed "Disclosure of Directors' Interests" above, there is no person who, as at the Latest Practicable Date, was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at any general meeting of the Company.

So far as is known, or can be ascertained after reasonable enquiry, by the Directors, as at the Latest Practicable Date, the persons (other than members of the Group) directly or indirectly interested in 10% or more of the issued share capital of the members of the Group (other than the Company) were as follows:

Name of subsidiary of the Company	Name of the substantial shareholder	Percentage of total issued share capital of the subsidiary of the Company as at the Latest Practicable Date
Fusion Tech	Mr. Lam Yan Chit, Humfry (Note)	45.702%

Note: The 45.702% equity interest in Fusion Tech is beneficially owned by the Vendor.

Save as disclosed above, so far is known, or can be ascertained after reasonable enquiry, by the Directors, as at the Latest Practicable Date, no other person was directly or indirectly interested in 10% or more of the issued share capital of any members of the Group.

5. EXPERT

DTCFL has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they appear.

As at the Latest Practicable Date, DTCFL was not beneficially interested in the share capital of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group nor did it have any interest, either direct or indirect, in any assets which have been, since 31st December, 2001 (the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

6. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or arbitration proceedings of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against any members of the Group.

7. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors have entered into any service agreement with any member of the Group nor are there any other service agreements proposed which will not expire or be determinable by the Group within one year without payment of compensation (other than statutory compensation).

8. MISCELLANEOUS

- (i) Saved as disclosed herein, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31st December, 2001, the date to which the latest published audited financial statements of the Group were made up.
- (ii) Saved as disclosed herein, as at the Latest Practicable Date, there is no contract or arrangement entered into by any member of the Group subsisting at the date thereof in which any Director is materially interested and which is significant in relation to the business of the Group.
- (iii) As at the Latest Practicable Date, none of the Directors has, or has had, any direct or indirect interest in any assets which have been acquired, disposed of or leased to, or which are proposed to be acquired, disposed of or leased to, the Company or any of its subsidiaries since 31st December, 2001, the date to which the latest published audited financial statements of the Group were made up.
- (iv) The registered office of the Company is P.O. Box 309, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies and the principal place of business of the Company in Hong Kong is 37th Floor, New World Tower, 16-18 Queen's Road Central, Hong Kong.
- (v) The company secretary of the Company is Mr. Kuan Chi Yuen, ACS, ACIS.
- (vi) The branch share registrars of the Company in Hong Kong is Abacus Share Registrars Limited at 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong.
- (vii) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours (Saturdays and public holidays excepted) at the offices of Iu, Lai & Li Solicitors & Notaries at 20th Floor, Gloucester Tower, The Landmark, Central, Hong Kong from the date of this circular up to and including 11th October, 2002 and at the Extraordinary General Meeting:

- (i) the Memorandum and Articles of Association of the Company;
- (ii) the annual reports of the Company for the two years ended 31st December, 2000 and 2001;
- (iii) the Sale and Purchase Agreement;
- (iv) the letter of advice from DTCFL, the text of which is set out on pages 13 to 22 of this circular; and
- (v) the written consent referred to in the paragraph headed "Expert" in this appendix.

NOTICE OF EXTRAORDINARY GENERAL MEETING



Asia Logistics Technologies Limited 亞洲物流科技有限公司*

(Incorporated in the Cayman Islands with limited liability)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Asia Logistics Technologies Limited (the "Company") will be held at 37th Floor, New World Tower, 16-18 Queen's Road Central, Hong Kong on Wednesday, 16th October, 2002 at 3:00p.m. for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

"THAT:

- (a) the conditional sale and purchase agreement (the "Sale and Purchase Agreement") dated 5th September, 2002 entered into between Southern Victory Developments Limited (the "Vendor") and the Company relating to the proposed purchase by the Company from the Vendor of 45,702 shares of US\$1.00 each representing 45.702% of the issued share capital of Fusion Tech Holding Limited, a copy of which has been produced at the Meeting marked "A" and signed by the Chairman for identification, be and is hereby approved, confirmed and ratified and that the transaction contemplated therein be and are hereby approved and that any one director of the Company be and is hereby authorized to do such acts and/or execute by hand or under seal such documents as he shall in his absolute discretion consider necessary, desirable or expedient to carry into effect or to give effect to the Sale and Purchase Agreement; and
- (b) a specific mandate be granted to the directors of the Company to issue and allot 300,000,000 new ordinary shares (the "Consideration Share(s)") of HK\$0.01 each in the capital of the Company credited as fully paid at an issue price of HK\$0.15 per Consideration Share to the Vendor and/or its nominees and that any one director of the Company be and is hereby authorized to do such acts and/or execute by hand or under seal such documents in connection therewith."

By Order of the Board
Kuan Chi Yuen
Company Secretary

Hong Kong, 27th September, 2002

* For identification only

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. A form of proxy in respect of the meeting is enclosed. Whether or not you intend to attend the meeting in person, you are urged to complete and return the form of proxy in accordance with the instructions printed thereon.
3. In order to be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy of such power or authority must be deposited at the branch share registrars of the Company in Hong Kong, Abacus Share Registrars Limited at 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong not less than 48 hours before the time appointed for holding of the meeting or any adjournment thereof.
4. Completion and return of the form of proxy shall not preclude a member of the Company from attending and voting in person at the meeting or on the poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. Where there are joint holders of a share of the Company, any one of such holders may vote at the meeting either personally or by proxy in respect of such share as if he were solely entitled thereto, but if more than one of such holders be present at the meeting personally or by proxy, that one of such holders so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall for this purpose be deemed joint holders thereof.