

Chairman's Statement



Lo Lin Shing, Simon
Chairman

Asia Logistics Technologies is dedicated to enhancing its competitive edge in the development of Fourth Party Logistics, that facilitates ALT's provision of comprehensive one-stop supply chain management and logistics technologies solutions and services to meet customers needs.

On behalf of the Board of Directors ("Directors"), I am pleased to present the Annual Report of Asia Logistics Technologies Limited ("ALT") for the financial year ended 31 December 2002.

China's fledging modern logistics industry, which has been given high priority by the Chinese Government in its Tenth Five-Year Plan, has reported significant progress in the first year after the country joined the World Trade Organization ("WTO"). In view of China's economy continuing to record steady growth, with annual logistics spending over US\$200 billion in 2002, the demand for logistics services is expected to grow at an annual rate of 20% in the coming decade. Furthermore, as a result of deregulation, we are likely to see an increase of foreign business presence in China. That and the emerging domestic needs for comprehensive operational efficiencies fuelled by the growing economy are all working in favor of ALT's logistics business.

Advanced logistics management models and services have become a growing need in a market like China; selection of services such as Fourth Party Logistics ("4PL") has become a highly strategic logistics management decisions for many large enterprises in recent years. Acting as supply chain integrators, 4PL operators create value for customers through integrating transportation activities and logistics services leading to a much smoother flow of materials. As one of the 4PL pioneers, ALT, applying state-of-the-art information technology, boosts a distinctive business model that extends supply chain management and logistics outsourcing

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to higher levels. Capitalizing on our strengths in logistics management experience as well as our advanced technologies, we are committed to offering extensive integrated logistics technology solutions and logistics services to our customers, delivering value-added services to them throughout the entire supply chain.

The year 2002 has been a year of progress studded with opportunities for the Group. Sustaining a strong foothold in the logistics industry, the Group has been working diligently in ensuring that its business growth and strategies are closely integrated with market needs, in line with the Group's aims to provide comprehensive one-stop supply chain management and logistics technologies solutions and services to the customers. To facilitate our future business development, the Group has built up its capabilities around its core business focus — the provision of 4PL services — and these capabilities will be further enhanced in the year ahead.

Furthermore, our market expansion plans this year has been to grow through strategic investments and partnerships. During the year under review, ALT acquired the remaining interest of Fusion Tech Holding Limited, a leading 4PL solutions provider in China. The move has strategically reinforced our competitive edge in the 4PL market. Our expansion was further enhanced by the additional investment to expand to approximately 200 distribution services stations across China. ALT is now capable of offering customers a wide range of logistics management and IT consultancy solutions and services and one-stop door-to-door integrated logistics services in more corners of China.

The Group also actively offers turnkey supply chain and logistics consultancy services and solutions to a number of reputable clients, such as Tianjin Zhongxin Pharmaceutical Group Corporation Ltd. and EXEL Singapore Pte. Ltd.. Serving these industry leaders has impelled us to advance and sharpen our capabilities to provide best-fit supply chain and logistics technology management solutions and services to our customers. This has, in turn, enabled us to stay ahead of competition and accelerate our business growth.

Besides constantly seeking to strengthen our capabilities, we are also continuously looking for strong strategic investment partners especially those with extensive networks to complement our business expansion. In the past year, the Group successfully attracted Legend Group Limited ("Legend") (stock code: 992) as a strategic shareholder, to jointly develop IT management consulting business with its subsidiary, Han International Consulting Company Limited in China. Leveraging Legend's support, ALT's own pioneering position in the China market and its solid client base and sales network, we will be able to expand our market coverage. Similarly, through our strategic investment in New World CyberBase Limited (stock code: 276), we will benefit from its well-established IT and software business, allowing us to enhance our supply chain management and logistics solutions.

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We view the future challenges as stepping-stones leading us towards sustainable long-term achievements. Equipped with advanced logistics management services and technologies, extensive international market experience, a well-established distribution network, solid business foundations and a professional management team, the Group is in a highly advantageous position to grasp new business opportunities ahead. We are confident that our strengths not only will further accelerate our business growth but will also strengthen our position as one of the leading one-stop supply chain and logistics solutions providers in the Greater China region, allowing us to ultimately generate long-term sustainable returns for our shareholders.

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, 24 April 2003