



Lo Lin Shing, Simon
Chairman

Asia Logistics Technologies Limited has devoted to enhancing its competitive position and providing high quality logistics management solutions as well as mobile telecommunications services to its customers.

On behalf of the Board of the Directors (the "Directors"), I am pleased to present the Annual Report of Asia Logistics Technologies Limited ("ALT" or the "Company") for the financial year ended 31 December 2003.

The result performance of ALT and its subsidiaries (the "Group") in 2003 was seriously affected by the outbreak of Severe Acute Respiratory Syndrome ("SARS") during March to June. The epidemic caused substantial impacts on Hong Kong and China's economies. Logistics was one of the hardest hit sectors in China as the authorities' disease control measures had substantially impacted the flow of goods in the country and many economic sectors had been hard-hit during the period.

Following the recovery after the SARS epidemic in the region, we expect increase in demand for different commercial services including logistics solutions and telecommunications services. The Directors will continue to monitor closely any upcoming social and political events that might have an impact on the performance of the Group.

As one of the Group's key business focus, logistics industry in China has been experiencing stiff changes in government policies and taxation reforms which caused substantial impacts on the operators in the industry. For instance, the recent stiff measures taken by the authorities to curb the industry practice in truck overloading have materially affected the pricing and margins of the operators. The Directors shall closely monitor the development of the market and review the effectiveness of the business strategies for the Group.

Considering the difficult market environment of logistics services, the Group has re-emphasized its business focus on logistics consultancy and management solutions and is staying away from the low-margin and high competition business of providing local or regional logistics services. In 2003, the Group has actively offered turnkey supply chain and logistics management solutions to a number of reputable clients, such as Tianjin Zhongxin Pharmaceutical Group Corporation Ltd. (天津市中新藥業集團股份有限公司) and EXEL Singapore Pte. Ltd. Serving these industry leaders has led us to sharpen our capabilities to provide best-fit supply chain and logistics management solutions to our customers. This has, in turn, enabled us to stay ahead of competition and accelerate our business growth.

Chairman's Statement

With the latest development in mobile technology, mobile communication has become a vital part of our daily life. The diversification of mobile data services implies tremendous business opportunity to local operators, despite the stiff market competition.

To capture the exciting opportunities in the mobile telecommunications market, on 29 March 2004, ALT has entered into a conditional acquisition agreement to acquire the entire issued share capital of New World PCS Holdings Limited ("NWPCS") at a consideration of HK\$1.25 billion (the "Acquisition"). Over the past few years, NWPCS has emerged to be a leading mobile operator and has been widely recognized as a key player by introducing and marketing various innovative mobile data services in the marketplace. In its last fiscal year, the operator was able to achieve an improved profitability as a result of stringent control over operational expenses, a substantial growth in subscriber base and the introduction of various pioneering mobile-media services that boosted its data revenue.

We are optimistic about the prospects of NWPCS and consider that the proposed Acquisition will provide a solid ground for ALT to invest in mobile telecommunications projects. We also believe that the proposed Acquisition will enlarge ALT's business scope, broaden our revenue stream and bring a positive contribution to the overall earnings of the Group in the future.

Apart from the aforementioned operations, the Group continues to explore investment opportunities which are strategic to its business operations and which will contribute significantly to the return of our shareholders. As at 31 December 2003, the Group has strategic investment in New World CyberBase Limited ("NWCB", stock code: 276). Considering the business focuses of the Group in logistics solutions and telecommunications services, the Directors have proposed a distribution in species of our holding in shares of NWCB to our shareholders (the "Distribution"). Details of the Distribution have been set out in a joint announcement issued by the Company and New World Development Company Limited dated 1 April 2004. The proposed Distribution would (i) provide investors, research analysts and rating agencies with greater clarity on the business and financial position of ALT through segregation of NWCB's information technology business from the main lines of business of the Group; and (ii) offer an opportunity for the shareholders of ALT to realise their investments in the NWCB shares through direct holding of the NWCB shares. The Directors shall also review our positions in other strategic investments from time to time in order to capitalize on any profiting opportunities when they arise.

New technologies, innovative business vision and a strong professional team are the key assets of the Group contributing to our competitiveness and keeping us ahead in the marketplace. We are confident that these attributes will not only further our business growth but will also strengthen our position as one of the leading one-stop logistics solutions and mobile telecommunications services providers in the Greater China region and will allow us to ultimately generate long-term and sustainable returns to our shareholders.

On behalf of the Directors, I would like to take this opportunity 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, 23 April 2004