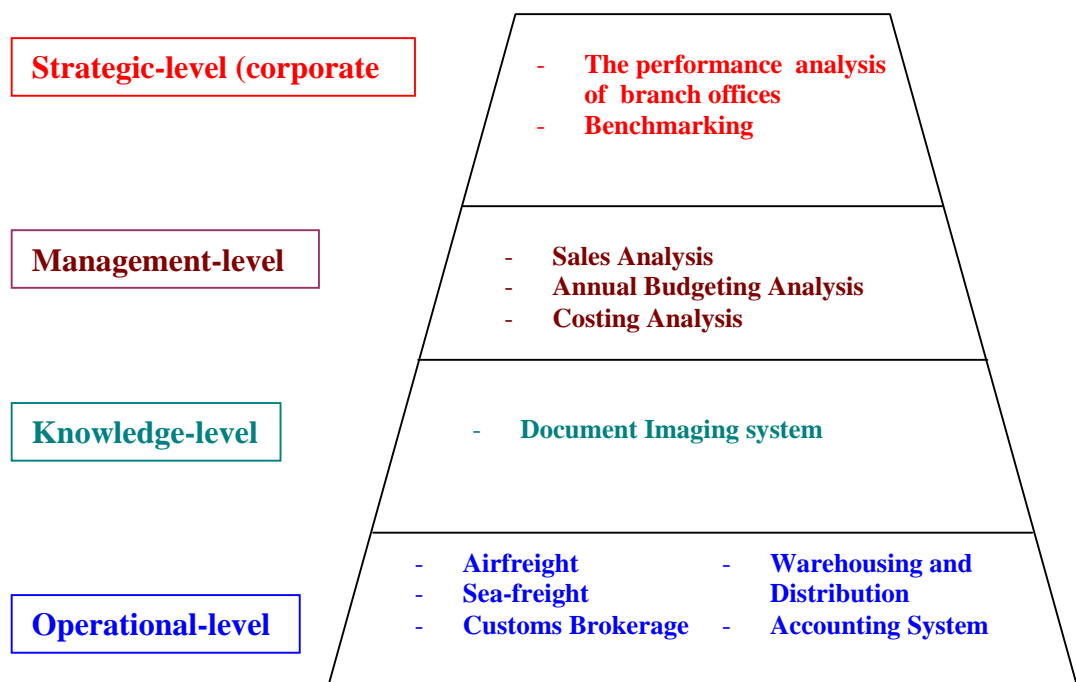


THE CURRENT GLOBAL INFORMATION TECHNOLOGY OF TRANS GLOBAL LOGISTICS

The core IT products / services of Trans Global Logistics can be divided into 3 main streams: internal core systems, customer EDI service and shipment visibility platform.

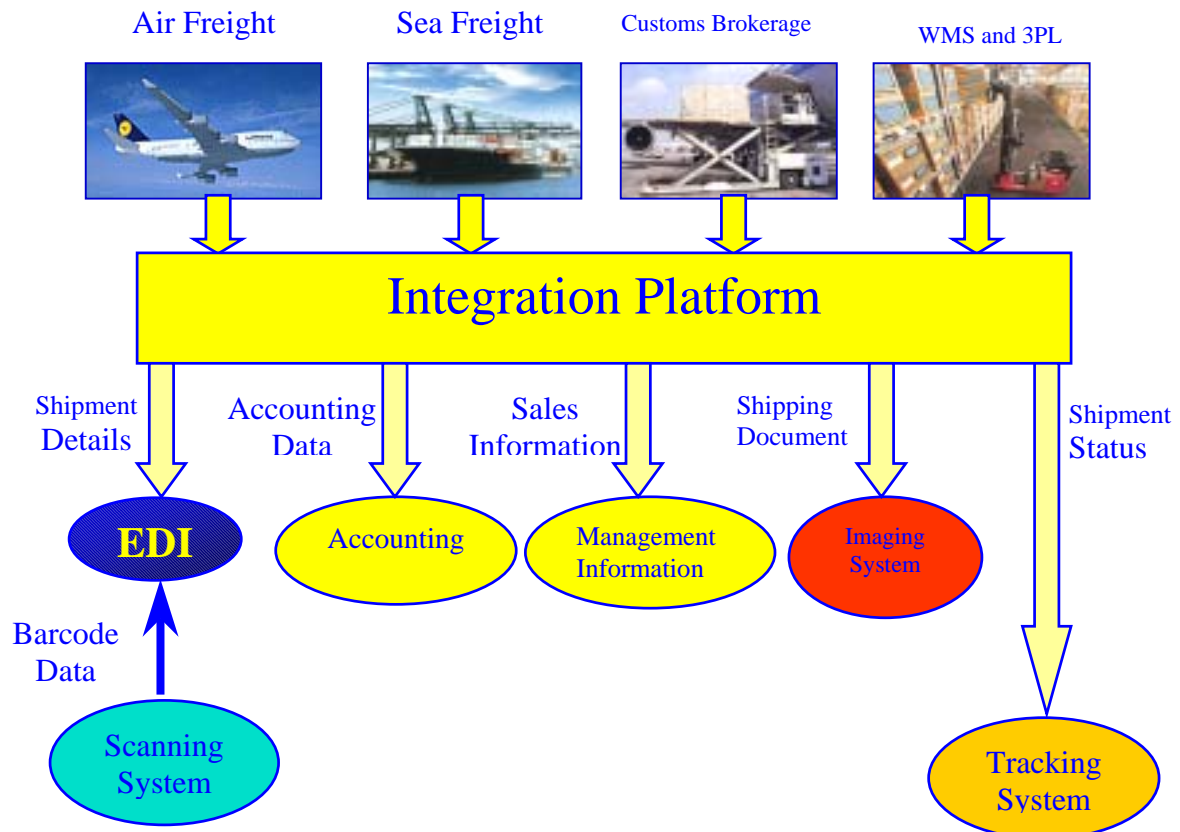
1.1 Internal Core Systems

The internal core systems mainly serve as an information source foundation for the whole TGL Group to facilitate value added services. To explicitly describe the strategic role of the internal core system, the systems will be classified into different organizational levels with the MIS concept as shown below:



1.1.1 Operational Level

In the operational level, the logistics information is consolidated from different business units and departments to form comprehensive data warehouses in regional basis. All the management level information is replicated to the corporate data warehouse for data mining.



All the day-to-day operations will be handled with transactional operation systems in different business units: air freight, sea freight, customs brokerage, and warehousing & distribution. To make use of the source of logistics data, the integration platform merges all the useful information and disseminates to other level of information systems and information service platform such as customer EDI and shipment tracking system.

The followings are the brief description of existing operation systems in TGL:

a) Air Freight System

Air Freight System is mainly for users to process air export shipment information for daily operational purpose. Main functions and features of this application system are as follows:

- **Booking Entry:** users can be able to reserve space in advance & register all the cargo information for freight cost calculation. “E-Booking” function will be enhanced in the near future for shipper to upload booking information in the web.
- **Data Entry:** MAWB no., HAWB no., invoice no., charge details, flight date and other relevant shipment information are input by users upon receiving shipment bookings from customers.
- **Printout Function:** MAWB, HAWB, invoices can be generated after the completion of data entry.
- **Data Conversion:** shipment information can be extracted and transferred from one system to another application systems, such as Sea Freight System, Import System and most importantly the Accounting System.
- **Report Generation:** daily and monthly sales and tonnage reports can be generated for information and operational management.
- **Master File and System Maintenance:** access right can be granted to the different levels of users, and system files can be modified by authorized user if necessary.
- **System Integration:** Customer EDI Applications and Shipment Visibility Platform would be integrated.

b) Import System

Import System is mainly for users in Asia to process daily import shipments upon receiving the orders customers. Main functions and features of this application are listed below:

- **MAWB and HAWB Entry:** both simple mode and advanced mode are provided for data entry, especially the simple mode is similar as the Hong Kong AAT System to simplify the operation procedure.
- **Import License Entry:** pre-print form can be generated from the system after inputting the license information in the system.
- **Shipment Status Monitoring:** the whole shipment status can be checked through this system; if there is any delay shipment, a warning message will be prompted up on the screen.

- Printout Function: MAWB, HAWB, invoices can be generated after the completion of data entry.
- Data Conversion: shipment information can be extracted and transferred from one system to another application systems, such as Sea Freight System, Import System and Accounting System.
- Report Generation: daily and monthly sales reports can be generated for information and operational management.
- Master File and System Maintenance: access right would be granted to different levels of users by system administrator; charge code, customer code and other master files can be updated by those authorized users if necessary.
- System Integration: Customer EDI applications and Shipment Visibility Platform would be integrated.

c) **US Import System**

US Import System is designed for the management of inbound shipments, and users are able to check shipment details for air and ocean in the system at the same time. Its functions and features are similar as the Air Import System, but contains new application features:

- Quick Data Entry: minimal data entry required to process AWB or BL, all data can be downloaded from the FTP server and copied to the system.
- House Profit and Loss Checking: enquiries of House profit and loss can be checked for each shipment.
- Standalone Documents Creation: standalone documents or templates can be created without going through an entire transaction, such as House Airway Bill, CF7512, Delivery Order, etc.
- Shipment Update: shipment status for each air import shipment can be updated to Tracking System.
- Advanced Billing Function: the invoicing process would be automated and exerted appropriate control in the work flow.

d) **Sea Freight System**

Sea Freight System is mainly for users to handle ocean shipments for daily operational purpose. Upon receiving shipment bookings from customers, users will input all the relevant shipment information in the system in order to generate several shipping documents for cargoes delivery,

such as HBL, BL, invoice, etc. Main functions and features of the Ocean System are as follows:

- Data Entry: HBL no., BL no., invoice no., charge details, flight date and other relevant shipment information are inputted by users upon receiving shipment bookings from customers.
- Printout Function: HBL, BL and invoice can be generated after the completion of data entry.
- Import & Export Shipment Combination: Data Entry of Import and Export shipments are combined in one system.
- Data Conversion: shipment information can be transferred from to Import System and Accounting System. The benefit is to save time and human resources in entry the same shipment information in the system again.
- Report Generation: daily and monthly sales and tonnage reports can be generated for information and operational management.
- Master File and System Maintenance: access right can be granted to the different levels of users by system administrator, and other master files can be modified by those authorized users if necessary.
- System Integration: Customer EDI applications and Shipment Visibility Platform would be integrated.

e) **3PL System**

Third Party Logistics System (3PL) is a web based application system that mainly for users to record cargo and transaction information including both cargo-in and cargo-out once receiving orders from customers. This is an on-line system that provides useful inventory reports to customers for checking cargo status at any time. Main functions and features of this application system are as follows:

- Web based System: no installation of this application system, users can access the system by using their authorized ID and password without any system installation.
- On-line Checking: cargo status in warehouse can be checked in 24 hours.
- Cargo-in & Cargo-out Entry: all the transaction period of cargo status can be recorded in details through this system.

- **Report Generation:** daily and monthly transaction Reports can be provided for information and operational management.
- **Master File and System Maintenance:** access right would be granted to different levels of users by system administrator; charge code, customer code and other master files can be updated by those authorized users if necessary.
- **System Integration:** the ability to integrate the inventory database with the Shipment Tracking System to form a complete Shipment Visibility Platform.

f) Accounting System

This is a very basic accounting data in the local accounts department, all the dollar values will be kept in the computer systems. The transactions will be consolidated in general ledger accounts which are used to prepare financial statements and other accounting reports. The financial position of the local offices and the result of the operations will be summarized.

While the general ledger accounts provide a useful overview of the financial activities, the sub-ledger system will cater for the accounts receivable and accounts payable information. All debit notes and credit notes from different business units will be submitted to the accounts department in a timely manner. So that the accounts receivable A/R and accounts payable A/P can be updated. The information will be used in billing credit customers and in reviewing their creditworthiness.

The following is the brief description of existing Accounting System:

Accounting System is one of the T-Core systems that accumulates all the financial activities and transaction period for each business unit with the company. It can also integrate the charges details of each shipment of other application systems, such as Air Freight System, Import System, Sea Freight System, etc. Main functions and features of this application system are as follows:

- **Sub-Ledger Entry:** accounts receivable (A/R) and accounts payable (A/P) information can be catered and recorded in the system.
- **Settlement Entry:** settlement can be recorded for confirmation upon the payment has been settled with business units.

- General Ledger Entry: revenues, expenses and others daily financial activities can be process and recorded in the system.
- Invoice Extraction: shipment invoices created by other application systems can be extracted to this system for accounting purpose.
- Report Generation: financial statements and monthly/yearly financial reports can be provided for summary and information.
- Master File and System Maintenance: access right would be granted to different levels of users by system administrator; charge code, customer code and other master files can be updated by those authorized users if necessary.

g) Costing System

Costing System was developed at the same time of the sub-ledger system. With the same computer platform of the sub-ledger system, it is rather easier to extract all the cost and revenue information from all the operational systems in different business units. The system facilitates very basic cost reports for the mangers as well as the destination offices for profit sharing calculation. Main functions are of this application are as follows:

- Cost Entry
- Revenue Sales Entry
- Profit Sharing Entry
- Costing Report
- Profit Sharing Report
- Profit Sharing Statement
- Cost Analysis Report

The profit sharing reports are very important for the accounts department to submit the details of shipments (air, ocean and logistics) to the counter parts of the business (destination offices in the USA). In the future development, the costing system will be elevated to the management level system. It will be reinforced by introducing on-line costing information update. All the transactions in different business units will be posted to the costing system in daily basis. Formulas of cost items will be clearly defined with all the departments to make sure no misunderstanding in the processing. Besides, the reporting functions will be defined to be flexible enough and allow the management to re-arrange and analyze the data with supplementary tools.

1.1.2 Knowledge Level

To better control the document filing, a document imaging system has been developed for all the major local offices. As the original shipping documents, such as official customs documents, packing lists and original shipping instruction forms, will be stored and photocopied as working documents, the imaging scanning process will replace the photocopying. The processing time is similar with the high speed scanner. In fact, the price of scanner is dropping to a reasonable range. A high speed scanner is more or less a similar cost of the photocopier.

If all the documents are scanned and stored in an imaging server, all departments of local offices can make use of the system to retrieve their document in their desktop so as to minimize the document retrieve time and smoothen the accounting process and the operational service for customers.

1.1.3 Management Level

The management level of information will serve as the control and decision support tools for the management of the local offices as well as the headquarter.

a) Sales Analysis

All the sales figures will be grouped and rearranged into different categories. For example of the air freight section, the performance reports will show all the sales volume of the month to different destination offices in USA such as New York, Chicago, San Francisco and Los Angeles. The salesman performance will also be evaluated with salesman reports to ensure the sales force can be optimized. While the sales amount by the airlines will be a very powerful bargaining tools to get the better freight rate and space from the contract airlines. All the sales summary information will be replicated to the corporate server to provide the statistical data for the corporate office. Sales analysis can be obtained instantaneously with the powerful IT infrastructure.

b) Annual Budgeting Analysis

The budget is a comprehensive financial plan setting forth the expected route for achieving the financial and operational goals of the organization. The main functions of the budgeting in the TGL Group are to enhance management responsibility, assignment of decision-making responsibility and performance evaluation. The budgetary items will be compared against the

actual events of different business units to show department managers in quantitative terms exactly what is expected of the departments during the upcoming period.

c) Costing Analysis

The operations departments of different business units need the costing information to assess how well they use the company resources to carry out business. As all the operational level of information are available (A/R and A/P data), the management can make use of the data to produce some costing reports such as Gross profit reports for different departments. Accounts department will dig out all the unusual transactions for further investigation. The costing analysis allows the managers to match the processes that consume resources with associated costs so that they can decide how to best provide services to customers.

1.1.4 Strategic Level

The corporate office of TGL Group plays a strategic role in business planning and branch performance analysis quantitatively. In the corporate view point, the all branch offices should be able to submit concise financial reports with the corporate required standard.

a) Performance Analysis of local offices

The financial information from different branch offices will be consolidated by business units and sub-branch offices (e.g. of China, there will be many sub-branches with main branch office in ChongQing and GuangZhou) for the review of the board of directors.

b) Benchmarking

The corporate management is trying to participate in benchmark studies which allows the organization get benchmark reports by collecting information from companies in the same industry. The benchmark information will show an organization how their costs and processes compare to others in their industry. So the corporate management accounting can provide a variety of past and future information for users both inside and outside of the firm.

1.2 Customer EDI Services

The TGL network offices work together to deliver electronic data interchange (EDI) and electronic commerce solutions that positively impact the logistics and business processes of customers. By

electronically transmitting shipping information and notices in a standard format, we enable the customers to analyze costs and manage product flows to meet manufacturing demands, which ultimately improve the supply chain process.

EDI is also a powerful tool to streamline business processes. For example, EDI minimizes errors in manual data entry and eliminates the need for a variety of data quality checks. We will also show the customers how to integrate EDI within their overall business strategies. To help reducing the cost of EDI, the TGL Group has established alternative methods of exchanging EDI transaction sets. We can use the Internet by employing either FTP, Sockets, or Email. For traditional value-added-network (VAN), we have all the major connections to those tele-communication companies.

TGL is capable of providing a high quality Electronic Data Interchange (EDI) service to the corporate trading partners. The EDI service of TGL includes getting EDI Purchasing Order (PO 850), sending P.O. Acknowledgement (855) to customers, transmitting electronic Advance Shipment Notice (ASN 856) and ASN Acknowledgement (917). EDI has been applied to transmit documents electronically, such as invoices, shipment information and shipment tracking information between the business partners and TGL network offices. It facilitates the TGL Group to build a global shipment visibility platform on the web. We have the full EDI service coverage all over TGL offices. Most TGL stations have in-depth experience in providing EDI service for world wide customers.

Currently, there are 2 major EDI gateways, Harbinger EDI server (STX) and Sterling Commerce Gentrans EDI server, which are supporting the globally centralized, 24 hours and 7 days per week EDI transaction service. The servers are using both the Value Add Network (VAN) and FTP to transmit and receive all EDI data. If the PO is sent to the servers, it is automatically received, translated and downloaded for the EDI users to Pick (load PO information into database) into the existing Airfreight and EDI system. Then the shipments purchasing order information will be combined with the cargo information to output an EDI flat file. All these EDI flat files, which generated by each station located all over Asia, South-East Asia, Indian-subcontinent, Africa, will be centralized by using the "EDI on Internet" application on Internet. The EDI servers are scheduled to gather these EDI files every thirty minutes. It, then, translates and transmits them to each of their target trading partners. The whole process is completely automatic and very smooth.

The followings are the brief description of existing EDI Systems:

Electronic Data Interchange (EDI) Systems are mainly for users to manually input shipping data and generate a flat file in a standard format for translation. The flat file will be translated to an Advice

Shipment Notice (ASN) by an EDI gateway server and then transmitted to customers immediately.

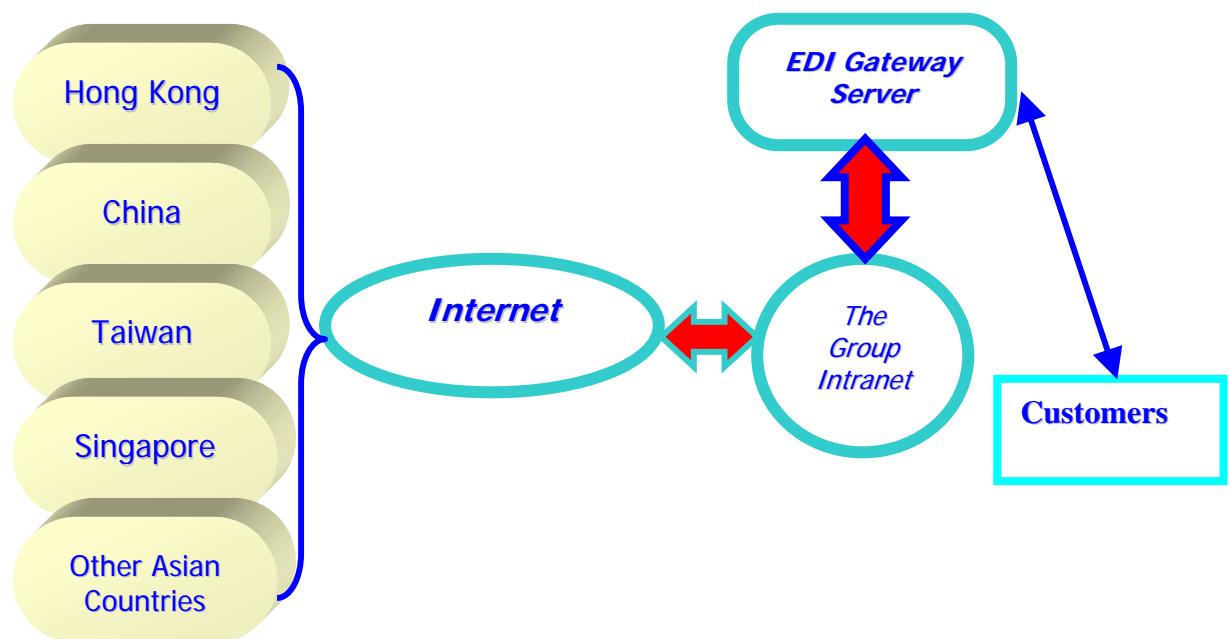
There are two types of the existing EDI Systems: window based application system and web based application system.

- Window based: users need to install the EDI system in the computer for EDI operations.
- Web based: users no need to install the EDI system in the computer, and only need to use or access this application system via Internet.

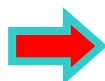
Main functions and features of these application systems are as follows:

- Data Entry: shipping information including HAWB, MAWB, picking list and invoice can be inputted by users and transmitted to customer before the shipment arrival at destination.
- PO Download: po file is received from customers and processed in the system for EDI operational purpose.

Today, EDI is proving highly beneficial for mid- and lower-volume shippers.



Improved EDI System - filter all Major input errors



Intranet application - Verify & validate EDI data to avoid duplicate transmission



Error free EDI

1.3 Shipment Visibility Platform

Shipment Visibility Platform is the major value added services for customers nowadays in logistics business. We have a basic shipment tracking system on internet and allow customers to trace the shipment status.

The source of data is coming from the core internal systems (air freight, sea freight, brokerage, and warehousing and distribution). The operation departments of Asian countries prepare all shipping documents and the system will directly link with the tracking server to feed in the shipment details.

As the tracking service is a primary need from the customer in the North America, the information flow is mainly bind to the TGL-USA. The shipment tracking will be started from:

- Shipment Booking
- Receipt of cargo
- Warehousing
- Cargo Departure
- Cargo Arrival
- Customs Clearance
- Distribution

Shipment Visibility Platform includes Shipment Tracking System and Inventory Tracking System. The following is the brief description of the existing Shipment Tracking System (T-Track):

a) Shipment Tracking System

T-Track is a web based application system that provides on-line shipment tracking service for customers to monitor and check event status of their shipments either ocean or air. Detailed shipment information would be shown on the screen, and event status can be divided into several parts:

- Booking Received
- Cargo Received at Origin
- Shipment Departed
- Shipment Arrived
- Dos Released to Broker
- Customs Cleared
- On Forwarding
- Pick-up by Trucker
- Consignee Received

Main functions and features of this application system are as follows:

- Shipment Upload: air export and ocean shipment information can be uploaded to this system and no need to entry in the system manually.
- Report Generation: Daily Shipment and Event Status Reports by selected items can be generated for summary and information.
- Inventory Tracking: inventory tracking is included for customers to check the cargo status.
- Master File and System Maintenance: access right would be granted to different levels of users and customers, and system files are updated by system administrator.

b) Inventory Tracking System

Below is the overview of global supply chain flow:

