



(1) Shipping agency and freight forwarding

COSCO Logistics continued to expand its shipping agency and freight forwarding businesses in 2004. COSCO Logistics aims to maintain its leading position in the shipping agency market by introducing new services under its own brand name, enhancing its service quality and stepping up its marketing efforts.

The continued growth of foreign trade and domestic demand in the PRC will continue to drive the increase in demand for various shipping agency services. COSCO Logistics has established the general development strategy under which the company will transform from a booking agent to a non-vessel operating common carrier, and from a traditional shipping agent to an integrated shipping management service provider. A series of development policies have been formulated and actively pursued. In 2004, both the business volume and revenue of the shipping agency business of COSCO Logistics increased significantly from 2003.

(2) Home appliance logistics

2004 proved decisive as COSCO Logistics assumed leadership in the domestic market of logistics services for household appliances, underscoring further expansion of its strategic core customer base that includes companies such as Changhong, TCL and Hitachi. Meanwhile, an effective business pattern was established by utilising on a complementary basis both Qingdao Hisense and Attend Logistics Co., Ltd., two major platforms for household appliances logistics.

Through its relentless efforts, COSCO Logistics has established business relationships with most of the leading home appliance manufacturers in China. Having acquired key business resources in the home appliance sector, the biggest slice of the Chinese logistics market, COSCO Logistics has consolidated its leading position in the sector. As a result of years of effective development in the home appliance logistics segment, COSCO Logistics has achieved good results in building up a scalable logistics network through coordination and collaboration with the major platforms of Qingdao Hisense and Attend Logistics Co., Ltd. in southern and northern China. COSCO Logistics' extensive client base and network

Satisfactory results were accomplished by COSCO Logistics in the area of third party logistics in 2004, as the company carried its exploration of various target logistics markets to further depth while effectively consolidating achievements secured in the past two years. In November 2004, COSCO Logistics ranked the first in the “Top 100 PRC Logistics Companies” selected by eight industry associations including China Communications and Transportation Association and China Railway Society. In December 2004, COSCO Logistics topped the list again in the “Twenty Most Competitive Logistics Companies in 2004” selected by China Federation of Logistics and Purchasing.

in China provides an essential foundation from which it can tap into the international market and extend its services overseas.

(3) Automobile logistics

During the year under review, COSCO Logistics succeeded in expanding its market share in automobile logistics as increasing efforts were made to develop customised automobile logistics solutions on the back of complementary, asset-based cooperation with renowned domestic car manufacturers, leveraging its edge in overall system resources to capitalise on opportunities presented by China's fast-growing automobile industry.

(4) Power supply logistics

COSCO Logistics further consolidated its prestigious position in the market of power supply logistics during the year under review by making inroads in the development of power supply logistics solutions through consistent and effective marketing efforts on the back of its expertise in facilitating power supply logistics.

(5) Chemical product logistics

COSCO Logistics also made progress in the chemical sector during the year as it succeeded in developing logistics solutions with significant impact both in China and abroad, laying solid foundations for entering the market in 2005 in a more advantageous position.

(6) Convention and exhibition logistics

COSCO Logistics won several tenders in 2004 to provide international logistics solutions in connection with convention and exhibition activities as it continues to aim at raising its corporate profile and increasing public exposure. The professional, efficient and quality services subsequently offered by COSCO Logistics were highly commended by its customers.

As an overall strategy, COSCO Logistics will continue to pursue and achieve the goal of extensive business development with continuous rapid growth in the next five years, with logistics, shipping agency and freight forwarding as its principal businesses.