

FINANCIAL STATEMENTS

COSCO INVESTMENT (SINGAPORE) LIMITED & ITS SUBSIDIARIES

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DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002

The directors present their report to the members together with the audited financial statements of the Company and of the Group for the financial year ended 31 December 2002.

1 DIRECTORS

The directors of the Company at the date of this report are:

Wei Jia Fu	
Li Jian Hong	
Sun Yue Ying	
Ji Hai Sheng	
Yao Hong	
Gu Qi Chang	(alternate director to Wei Jia Fu)
Zhou Lian Cheng	
Xin Guang Wan	(alternate director to Zhou Lian Cheng)
Ye Bin Lin	(alternate director to Sun Yue Ying)
Wang Kai Yuen	
Tom Yee Lat Shing	
Li Jian Xiong	(appointed 20 December 2002, alternate director to Li Jian Hong)
Er Kwong Wah	(appointed 20 December 2002)

2 PRINCIPAL ACTIVITIES

The principal activities of the Company are those of investment holding and provision of management services to the subsidiaries. The principal activities of its subsidiaries are set out in note 24(d) to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

3 RESULTS FOR THE FINANCIAL YEAR

The consolidated profit after tax attributable to the members of the Company for the financial year is \$3,898,960. The Company made a profit after tax for the financial year of \$1,868,333.

4 MATERIAL TRANSFERS TO OR FROM RESERVES AND PROVISIONS

Details of material movements in reserves during the financial year are set out in the Statements of Changes in Equity and notes to the financial statements.

Material movements in provisions during the financial year are set out in the notes to the financial statements.

5 ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the financial year, the Group acquired additional 31.6% interest in a subsidiary, Coslink (M) Sdn. Bhd., for a cash consideration of \$358,919. The share of the net tangible assets of the additional 31.6% interest of the subsidiary was \$373,556 at the acquisition date.

5 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (continued)

During the financial year, the Company disposed of its interest in the following subsidiaries:

Name of subsidiary	Consideration \$	Net tangible assets/(liabilities) at date of disposal \$	Percentage of equity disposed at date of disposal %
COSCO Trading (Singapore) Pte Ltd	2,250,000	2,484,181	80
Costo (Singapore) Private Limited	1	(261,602)	51
Calzona Pte Ltd	3,670,772	4,922,232	100
Johnston Investments Pte Ltd	2,147,406	2,811,757	100

There were no other acquisitions or disposals of interests in subsidiaries during the financial year.

6 ISSUE OF SHARES AND DEBENTURES

(a) The movements in the issued share capital of the Company during the financial year were as follows:

	Number of ordinary shares	\$
<u>Issued ordinary share capital</u>		
At beginning of financial year	557,427,250	111,485,450
Issue of 65,900,059 fully paid ordinary shares of \$0.20 each	65,900,059	13,180,012
Issue of 1,400,000 fully paid ordinary shares of \$0.20 each on exercise of options granted under the Cosco Group Employees' Share Option Scheme comprising 470,000 1997 Options at \$0.20 each, 730,000 1998 Options at \$0.20 each and 200,000 1999 Options at \$0.2288 each, for cash	1,400,000	280,000
At end of financial year	624,727,309	124,945,462

During the financial year, the Company issued 65,900,059 new ordinary shares of \$0.20 each at par as part of the consideration for its acquisition of an associated company, COSCO (Nantong) Shipyard Co., Ltd (formerly known as Nantong Ocean Shipping Engineering Co., Ltd).

All the newly issued ordinary shares rank pari passu in all respects with the previously issued ordinary shares.

(b) There were no other issues of shares or debentures by any other corporation in the Group during the financial year.

7 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under paragraph 18 on "Share Options" set out on page 30 of this report.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002

8 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

- (a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interests in the shares in, or debentures of, the Company or any related corporations.
- (b) According to the register of directors' shareholdings, certain of the directors holding office at the end of the financial year had interests in options to subscribe for ordinary shares of the Company granted pursuant to the COSCO Group Employees' Share Option Scheme, as set out below:

2002 Options	Number of unissued ordinary shares of \$0.20 each under option held by director	
	At 31.12.2002	At 1.1.2002
Wei Jia Fu	350,000	–
Li Jian Hong	200,000	–
Sun Yue Ying	250,000	–
Ji Hai Sheng	300,000	–
Gu Qi Chang	250,000	–
Zhou Lian Cheng	250,000	–
Xin Guang Wan	200,000	–
Ye Bin Lin	250,000	–
Li Jian Xiong	250,000	–

- (c) There was no change in the status of directors' interests mentioned above between the end of the financial year and 21 January 2003.

9 DIVIDENDS

Dividends paid, declared and proposed since the end of the Company's preceding financial year are as follows:

Ordinary Shares

A first and final dividend of 0.6 cents per ordinary share of \$0.20 each, net of tax at 22%, which amounted to \$2,920,658 was paid on 29 May 2002 in respect of the financial year ended 31 December 2001 as proposed in the Directors' Report for that year.

The directors proposed a first and final dividend of 0.7 cents per ordinary share of \$0.20 each, net of tax at 22%, amounting to \$3,411,011 in respect of the financial year ended 31 December 2002. The amount of dividend payable may be increased in the event that share options set out in paragraph 18 on page 31 are exercised before the share transfer register is closed for dividend entitlement.

Preference Shares

A fixed cumulative preferential dividend of 5.7 cents per share per annum, net of tax at 22%, which amounted to \$1,487,333 was paid on 15 November 2002 of which an amount of \$179,958 was accrued in the year ended 31 December 2001.

An accrued fixed cumulative preferential dividend of 5.7 cents per share per annum, net of tax at 22% amounting to \$188,300, was accrued for the period from 16 November 2002 to 31 December 2002.

10 BAD AND DOUBTFUL DEBTS

Before the financial statements of the Company were made out, the directors took reasonable steps to ascertain the action taken in relation to the writing off of bad debts and providing for doubtful debts of the Company, and have satisfied themselves that there were no known bad or doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render any amounts written off for bad debts or provided for doubtful debts in the Group inadequate to any substantial extent.

11 CURRENT ASSETS

Before the financial statements of the Company were made out, the directors took reasonable steps to ascertain that current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values or that adequate provision has been made for the diminution in values of such current assets.

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report which would render the values attributed to current assets in the consolidated financial statements misleading.

12 CHARGES ON ASSETS AND CONTINGENT LIABILITIES

At the date of this report, no charges have arisen since the end of the financial year on the assets of the Company or any other corporation in the Group which secure the liability of any other person, nor has any contingent liability arisen since the end of the financial year in the Company or any other corporation in the Group.

13 ABILITY TO MEET OBLIGATIONS

No contingent or other liability of the Company or any other corporation in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Company and the Group to meet their obligations as and when they fall due.

14 OTHER CIRCUMSTANCES AFFECTING THE FINANCIAL STATEMENTS

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the consolidated financial statements which would render any amount stated in the financial statements of the Company and the consolidated financial statements misleading.

15 UNUSUAL ITEMS

In the opinion of the directors, the results of the operations of the Company and of the Group during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature except for the exceptional item disclosed in note 4 to the financial statements.

16 UNUSUAL ITEMS AFTER THE FINANCIAL YEAR

Except as disclosed in note 44 to the financial statements, in the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which would substantially affect the results of the operations of the Company and of the Group for the financial year in which this report is made.

17 DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than as disclosed in this report and the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except that certain directors have employment relationships with the ultimate holding corporation or related corporations and have received remuneration in those capacities.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002

18 SHARE OPTIONS

COSCO Group Employees' Share Option Scheme ("Scheme")

- (a) The COSCO Group Employees' Share Option Scheme (the "Scheme") was approved by the members of the Company at an Extraordinary General Meeting on 13 May 1995.
- (b) Particulars of the options granted in 1997, 1998 and 1999 known as the "1997 Options", "1998 Options" and "1999 Options" respectively under the Scheme were set out in the Directors' Report for the respective years ended 31 December 1997, 31 December 1998 and 31 December 1999. The 1997 Options expired on 29 September 2002.
- (c) No share options were granted in 2000 and 2001.

COSCO Group Employees' Share Option Scheme ("Scheme 2002")

The COSCO Group Employees' share option scheme (the "Scheme 2002") was approved by the members of the Company at an Extraordinary General Meeting on 8 May 2002. The total number of shares granted shall not exceed 15% of the issued share capital of the Company at any time and from time to time over a period of ten years.

During the financial year, options were granted pursuant to the Scheme 2002 in respect of 5,860,000 unissued ordinary shares of \$0.20 each in the Company hereinafter called the "2002 Options" at an exercise price of \$0.20 per share to eligible employees of the Group including the following executive directors of the Company and subsidiary companies:

	Number of options on ordinary shares of \$0.20 each
<u>Directors of the Company</u>	
Ji Hai Sheng	300,000
Ye Bin Lin	250,000
Li Jian Xiong	250,000
<u>Directors of subsidiaries</u>	
Gu Qi Chang	250,000
Lau Yew Choong	150,000
Li Mei	150,000
Liu De Tian	175,000
Liu Hong Hai	175,000
Poh Hee Boon	70,000
Sia Eng Beng	175,000
Wang Jun	175,000
Yang Xiao Feng	175,000

Statutory information regarding the 2002 Options is as follows:

- (i) The date of expiration of the 2002 Options is 12 August 2012.
- (ii) The options may be exercised in full or in respect of 1,000 shares or a multiple thereof, on the payment of the exercise price.
- (iii) The persons to whom the options have been issued have no right to participate by virtue of the options in any share issue of any other company.

18 SHARE OPTIONS (continued)

Unissued ordinary shares under options

The options on ordinary shares of the Company outstanding at the end of the financial year are as follows:

	Number outstanding at 1.1.2002	Number issued during the financial year	Number exercised during the financial year	Number cancelled/lapsed during the financial year	Number outstanding at 31.12.2002	Exercise price/share \$	Expiry date
1997 Options	2,260,000	–	(470,000)	(1,790,000)	–	0.20	29 September 2002
1998 Options	3,740,000	–	(730,000)	(10,000)	3,000,000	0.20	9 November 2003
1999 Options	3,390,000	–	(200,000)	–	3,190,000	0.2288	30 September 2004
2002 Options	–	5,860,000	–	–	5,860,000	0.20	12 August 2012
	9,390,000	5,860,000	(1,400,000)	(1,800,000)	12,050,000		

The holders of the 1998 Options, 1999 Options and 2002 Options have no right to participate by virtue of these options in any share issue of any other company in the Group.

Saved as disclosed in the paragraph "Issue of shares and debentures" of this report, no shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

19 OTHER INFORMATION REQUIRED BY THE SINGAPORE EXCHANGE LIMITED

Pursuant to Rule 852 of the Listing Manual of the Singapore Exchange Limited ("SGX"), in addition to information disclosed elsewhere in the report, it is reported that during the financial year:

- (a) The Committee administering the share option schemes comprises directors Wang Kai Yuen, Tom Yee Lat Shing and Ji Ju Sheng (resigned 20 December 2002).

On 25 March 2003, the administration of the share option schemes is transferred to the Remuneration Committee. The members of the Remuneration Committee are Er Kwong Wah (Chairman), Ji Hai Sheng, Wang Kai Yuen and Tom Yee Lat Shing.

- (b) Except for the following directors, no options have been granted to directors of the Company, controlling shareholders or their associates, directors and employees of parent group employees (as defined in the SGX Listing Manual), and no employee has received 5% or more of the total options available under the Scheme and Scheme 2002:

Name of participant	Options granted during the financial year	Aggregate options granted since commencement of scheme to end of financial year	Aggregate options exercised since commencement of scheme to end of financial year	Aggregate options lapsed since commencement of scheme to end of financial year	Aggregate options outstanding as at end of financial year
<u>Directors of the Company</u>					
Wei Jia Fu	350,000	350,000	–	–	350,000
Li Jian Hong	200,000	200,000	–	–	200,000
Sun Yue Ying	250,000	250,000	–	–	250,000
Ji Hai Sheng	300,000	300,000	–	–	300,000
Gu Qi Chang	250,000	250,000	–	–	250,000
Zhou Lian Cheng	250,000	250,000	–	–	250,000
Xin Guang Wan	200,000	200,000	–	–	200,000
Ye Bin Lin	250,000	250,000	–	–	250,000
Li Jian Xiong	250,000	250,000	–	–	250,000
	2,300,000	2,300,000	–	–	2,300,000

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002

19 OTHER INFORMATION REQUIRED BY THE SINGAPORE EXCHANGE LIMITED (continued)

Name of participant	Options granted during the financial year	Aggregate options granted since commencement of scheme to end of financial year	Aggregate options exercised since commencement of scheme to end of financial year	Aggregate options lapsed since commencement of scheme to end of financial year	Aggregate options outstanding as at end of financial year
<u>Directors and employees of parent company and its subsidiaries</u>					
Lau Yew Choong	150,000	455,000	125,000	–	330,000
Li Mei	150,000	150,000	–	–	150,000
Liu De Tian	175,000	260,000	–	–	260,000
Liu Hong Hai	175,000	430,000	255,000	–	175,000
Poh Hee Boon	70,000	250,000	35,000	40,000	175,000
Sia Eng Beng	175,000	545,000	75,000	75,000	395,000
Wang Jun	175,000	480,000	305,000	–	175,000
Yang Xiao Feng	175,000	175,000	–	–	175,000
Hwang Tsai Ping	70,000	170,000	–	100,000	70,000
Feng Jin Hua	250,000	250,000	–	–	250,000
Lu Zhi Ming	250,000	250,000	–	–	250,000
	1,815,000	3,415,000	795,000	215,000	2,405,000

(c) There were no unissued shares under option for subsidiaries at the end of the financial year.

20 AUDIT COMMITTEE

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, including a review of the financial statements of the Company and of the Group for the financial year and the auditors' report thereon. The Audit Committee has presented a report to the Board in respect of:

- (i) the co-operation given by the Company's officers and whether the Audit Committee in the course of carrying out its duties, was obstructed or impeded by management;
- (ii) the adequacy of the Group's internal accounting control system and its internal control procedures relating to interested person transactions;
- (iii) compliance with legal and other regulatory requirements; and
- (iv) any other matter which in the Audit Committee's opinion, should be brought to the attention of the Board.

The Audit Committee has nominated PricewaterhouseCoopers for re-appointment as auditors of the Company at the forthcoming Annual General Meeting.

21 AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to accept re-appointment.

On behalf of the directors

JI HAI SHENG

Director

11 April 2003

YAO HONG

Director

STATEMENT BY DIRECTORS

In the opinion of the directors, the financial statements set out on pages 35 to 83 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group at 31 December 2002 and of the results of the business, and changes in equity, of the Company and of the Group and the cash flows of the Group for the financial year then ended, and at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

JI HAI SHENG

Director

11 April 2003

YAO HONG

Director

AUDITORS' REPORT

TO THE MEMBERS OF COSCO INVESTMENT (SINGAPORE) LIMITED

We have audited the financial statements of COSCO Investment (Singapore) Limited and the consolidated financial statements of the Group for the financial year ended 31 December 2002 set out on pages 35 to 83. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform our audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the accompanying financial statements of the Company and consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Singapore Companies Act ("Act") and Singapore Statements of Accounting Standard and so as to give a true and fair view of:
 - (i) the state of affairs of the Company and of the Group at 31 December 2002, the results and changes in equity of the Company and of the Group, and the cash flows of the Group for the financial year ended on that date; and
 - (ii) the other matters required by section 201 of the Act to be dealt with in the financial statements of the Company and the consolidated financial statements of the Group; and
- (b) the accounting and other records, and the registers required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and auditors' reports of the subsidiaries of which we have not acted as auditors, being financial statements included in the consolidated financial statements. The names of these subsidiaries are stated in note 24 to the financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and in respect of subsidiaries incorporated in Singapore did not include any comment made under section 207(3) of the Act.

PricewaterhouseCoopers
Certified Public Accountants

Singapore, 11 April 2003

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002

	Notes	The Group		The Company	
		2002	2001	2002	2001
		\$	\$	\$	\$
Revenue	3	102,440,799	152,145,202	8,952,678	10,585,728
Cost of sales		(75,064,900)	(119,887,807)	-	-
Gross profit		27,375,899	32,257,395	8,952,678	10,585,728
Other operating income	3	5,835,077	10,137,396	40	86,060
Distribution costs		(1,160,579)	(1,838,475)	-	-
Administrative expenses		(9,658,415)	(10,477,142)	(2,820,666)	(3,105,383)
Other operating expenses		(2,607,219)	(7,106,771)	-	(137,260)
Exceptional item	4	(2,266,315)	-	5,239,249	-
Operating profit	5	17,518,448	22,972,403	11,371,301	7,429,145
Finance (cost)/income – net	6	(15,220,406)	(6,333,277)	(9,043,021)	6,584,682
Share of results of associated companies		4,707,700	53,557	-	-
Amortisation of goodwill of an associated company		(529,974)	-	-	-
Profit before tax		6,475,768	16,692,683	2,328,280	14,013,827
Tax	9	(1,467,250)	(2,770,102)	(459,947)	(1,123,600)
Profit from ordinary activities before minority interests		5,008,518	13,922,581	1,868,333	12,890,227
Minority interests		(1,109,558)	(683,541)	-	-
Profit after tax attributable to the members of the Company		3,898,960	13,239,040	1,868,333	12,890,227
Earnings per ordinary share (cents)	10				
Basic		0.63	2.38		
Diluted		0.63	2.03		

The accompanying notes form an integral part of these financial statements.
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BALANCE SHEETS

AS AT 31 DECEMBER 2002

	Notes	The Group		The Company	
		2002 \$	2001 \$	2002 \$	2001 \$
Current assets					
Bank and cash balances	11	18,436,401	19,366,033	6,598,128	3,670,397
Fixed deposits with financial institutions	11	13,976,033	18,377,810	13,989	14,795
Trade debtors	12	17,613,622	21,505,484	-	-
Due by immediate holding company					
- non-trade	29(b)	12,630,226	12,761,215	-	-
Due by subsidiaries	24(b)	-	-	79,378	4,468,077
Due by related corporations	13	21,047,381	7,370,454	18,350,477	371,252
Due by an associated company - trade		-	305,338	-	-
Short-term investments	14	-	-	-	-
Income tax recoverable	9	1,364,002	-	1,029,309	-
Inventories	15	-	1,330,260	-	-
Trading property	16	630,000	680,000	-	-
Completed properties for sale	17	38,660,845	41,111,839	-	-
Other debtors	18	1,322,003	3,444,222	319,696	400,976
		125,680,513	126,252,655	26,390,977	8,925,497
Non-current assets					
Deferred expenditure	19	-	1,313,733	-	1,313,733
Non-trade debtor	20	882,043	938,490	-	-
Loans to related companies	21	22,791,330	23,419,395	22,791,330	23,419,395
Long-term investments	22	7,705,752	8,164,889	200,000	200,000
Associated companies	23	28,229,115	928,224	25,670,320	1,000,000
Subsidiaries	24	-	-	198,112,699	208,078,083
Investment properties	25	30,426,761	97,345,135	-	-
Property, plant and equipment	26	350,772,885	329,711,355	588,133	301,583
Deferred tax assets	35	494,001	-	-	-
		441,301,887	461,821,221	247,362,482	234,312,794
Total assets		566,982,400	588,073,876	273,753,459	243,238,291
Current liabilities					
Trade creditors		13,973,650	27,106,906	-	-
Bank borrowings	27	33,643,473	64,290,898	1,746,638	-
Other term loans	28	6,749,911	3,590,937	-	-
Due to ultimate holding corporation					
- trade	29	3,671,697	4,870,628	-	-
Due to immediate holding company					
- non-trade	29(b)	-	-	312,953	269,855
Due to related parties - trade		325,879	7,227	-	-
Due to related corporations - trade		4,329,208	5,437,503	-	-
Short-term loans from immediate holding company	29(c)	6,924,430	-	6,924,430	-
Short-term loan from an associated company	23(c)	500,000	500,000	500,000	500,000
Short-term loan from a subsidiary	24(c)	-	-	500,000	-
Advance from a related company	30	4,336,250	4,613,750	-	-
Other creditors	31	17,186,362	13,781,564	1,019,590	1,431,481
Finance lease creditors	32	20,328	22,774	-	-
Provision for current tax	9	1,019,257	2,215,975	-	60,332
Dividend payable	33	188,300	179,958	188,300	179,958
		92,868,745	126,618,120	11,191,911	2,441,626

The accompanying notes form an integral part of these financial statements.
Auditors' Report - Page 34.

	Notes	The Group		The Company	
		2002 \$	2001 \$	2002 \$	2001 \$
Non-current liabilities					
Bank borrowings	27	183,122,516	162,419,522	45,981,595	32,130,155
Other term loans	28	50,624,262	61,045,854	-	-
Loans from immediate holding company	29(c)	-	6,412,815	-	4,567,315
Club membership payable		117,920	128,480	117,920	128,480
Deferred income		2,355,517	-	-	-
Finance lease creditors	32	76,690	97,018	-	-
Preference shares	34	49,813,359	49,813,359	49,813,359	49,813,359
Deferred tax liabilities	35	1,107,762	853,856	888,371	810,500
		287,218,026	280,770,904	96,801,245	87,449,809
Total liabilities					
		380,086,771	407,389,024	107,993,156	89,891,435
Net assets					
		186,895,629	180,684,852	165,760,303	153,346,856
Shareholders' equity					
Share capital	36	124,945,462	111,485,450	124,945,462	111,485,450
Reserves	37	11,024,730	18,376,214	11,711,450	11,705,690
Retained profits		48,372,809	47,394,507	29,103,391	30,155,716
Interests of shareholders of					
Cosco Investment (Singapore) Limited		184,343,001	177,256,171	165,760,303	153,346,856
Minority interests		2,552,628	3,428,681	-	-
		186,895,629	180,684,852	165,760,303	153,346,856

The accompanying notes form an integral part of these financial statements.
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002

	Notes	Share capital \$	Reserves \$	Retained profits \$	Total \$
Balance at 1 January 2002		111,485,450	18,376,214	47,394,507	177,256,171
Net loss not recognised in income statement - foreign currency translation differences	37	-	(7,357,244)	-	(7,357,244)
Net profit for the financial year		-	-	3,898,960	3,898,960
Total recognised losses and gains for the financial year		-	(7,357,244)	3,898,960	(3,458,284)
Dividend for 2001	33	-	-	(2,920,658)	(2,920,658)
Issue of share capital	36, 37	13,460,012	5,760	-	13,465,772
Balance at 31 December 2002		124,945,462	11,024,730	48,372,809	184,343,001
Balance at 1 January 2001		111,360,450	15,812,908	36,257,395	163,430,753
Net profit not recognised in income statement - foreign currency translation differences	37	-	2,562,730	-	2,562,730
Net profit for the financial year		-	-	13,239,040	13,239,040
Total recognised gains for the financial year		-	2,562,730	13,239,040	15,801,770
Dividend for 2000	33	-	-	(2,101,928)	(2,101,928)
Issue of share capital	36, 37	125,000	576	-	125,576
Balance at 31 December 2001		111,485,450	18,376,214	47,394,507	177,256,171

The accompanying notes form an integral part of these financial statements.
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STATEMENT OF CHANGES IN EQUITY – COMPANY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002

	Notes	Share capital \$	Reserves \$	Retained profits \$	Total \$
Balance at 1 January 2002		111,485,450	11,705,690	30,155,716	153,346,856
Net profit and total recognised gain for the financial year		–	–	1,868,333	1,868,333
Dividend for 2001	33	–	–	(2,920,658)	(2,920,658)
Issue of share capital	36, 37	13,460,012	5,760	–	13,465,772
Balance at 31 December 2002		124,945,462	11,711,450	29,103,391	165,760,303
Balance at 1 January 2001		111,360,450	11,705,114	19,367,417	142,432,981
Net profit and total recognised gain for the financial year		–	–	12,890,227	12,890,227
Dividend for 2000	33	–	–	(2,101,928)	(2,101,928)
Issue of share capital	36, 37	125,000	576	–	125,576
Balance at 31 December 2001		111,485,450	11,705,690	30,155,716	153,346,856

The accompanying notes form an integral part of these financial statements.
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CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002

	Note	2002 \$	2001 \$
Cash flows from operating activities			
Profit before tax and share of results of associated companies		2,298,042	16,639,126
Adjustments for:			
Depreciation of property, plant and equipment		21,549,789	18,786,633
Depreciation of investment properties		1,199,077	1,356,159
Provision for diminution in value of country club memberships		5,000	323,260
Exchange differences		1,307,113	(5,246,588)
Profit on disposal of property, plant and equipment		(22,931)	(393)
Property, plant and equipment written off		3,789	519,365
Preference dividend (financing)		1,495,675	1,439,656
Interest expense (financing)		10,199,135	13,241,105
Interest income (investing)		(325,829)	(671,794)
Provision for losses on completed properties for sale		2,450,994	6,315,880
Provision utilised upon disposal of completed properties for sale		-	(266,296)
Write down in value of a trading property		50,000	91,937
(Negative goodwill)/goodwill written off		(12,501)	65,947
Loss on disposal of subsidiaries		2,266,315	-
Operating cash flow before working capital changes		42,463,668	52,593,997
Changes in operating assets and liabilities, net of effects from (disposal)/purchase of subsidiaries:			
Completed properties for sale		-	6,827,318
Inventories		1,330,260	102,199
Debtors		(19,963,891)	(21,525,486)
Creditors		17,572,181	11,403,410
Cash generated from operations		41,402,218	49,401,438
Income tax paid		(3,211,959)	(2,385,147)
Net cash inflow from operating activities		38,190,259	47,016,291
Cash flows from investing activities			
Proceeds from disposal of subsidiaries, net of cash disposed	4	6,070,529	-
Proceeds from disposal of property, plant and equipment		144,974	20,966
Payments for purchase of property, plant and equipment		(40,870,454)	(81,694,529)
Payments for purchase of an associated company		(10,096,582)	-
Increase in deferred expenditure		(79,993)	(1,313,733)
Interest received		322,854	674,684
Purchase of long-term investments		-	(5,844,699)
Purchase of transferable club membership		(10,000)	-
Dividend income received from an associated company		50,700	-
Increase in investment in a subsidiary		(358,919)	-
Net cash outflow from investing activities		(44,826,891)	(88,157,311)

The accompanying notes form an integral part of these financial statements.
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	2002	2001
	\$	\$
Cash flows from financing activities		
Increase in bank loans and other term loans	14,196,970	72,021,310
Repayment of finance lease creditors	(22,774)	(27,041)
Repayment of loans from minority shareholders of subsidiaries	–	(3,730,441)
Dividends paid to shareholders of the Company	(4,407,991)	(3,541,585)
Dividends paid by subsidiaries to minority shareholders	(1,207,236)	(1,264,753)
Increase in loan from immediate holding company	867,250	3,457,384
Proceeds from issue of ordinary shares	285,760	125,576
Interest paid	(10,189,555)	(13,834,199)
	<hr/>	<hr/>
Net cash (outflow)/inflow from financing activities	(477,576)	53,206,251
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents held	(7,114,208)	12,065,231
Cash and cash equivalents at beginning of financial year	28,588,251	16,523,020
	<hr/>	<hr/>
Cash and cash equivalents at end of financial year	21,474,043	28,588,251
	<hr/>	<hr/>
Cash and cash equivalents represented by:		
Bank and cash balances	18,436,401	19,366,033
Fixed deposits with financial institutions	13,976,033	18,377,810
Bank overdrafts	(10,938,391)	(9,155,592)
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	21,474,043	28,588,251
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