

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002

43 GROUP SEGMENTAL INFORMATION (continued)

(a) Primary reporting format – business segments (continued)

	Shipping \$	Ship repairing and marine related activities \$	Rental of property and property trading \$	General trading \$	Investment holding \$	Group \$
Year ended 31 December 2001						
Revenue	93,219,098	6,879,153	22,805,120	29,241,831	–	152,145,202
Segment result	18,829,525	651,996	6,449,358	(320,590)	(2,637,886)	22,972,403
Finance income						8,347,484
Finance costs						(14,680,761)
Share of results of associated companies						53,557
Profit before tax						16,692,683
Tax						(2,770,102)
Group profit from ordinary activities						13,922,581
Minority interests						(683,541)
Net profit						13,239,040
Segment assets	369,595,233	9,100,035	161,584,412	9,753,493	37,112,479	587,145,652
Associated companies						928,224
Consolidated total assets						588,073,876
Segment liabilities	42,426,981	3,212,943	5,332,358	5,212,881	6,853,668	63,038,831
Bank borrowings						226,710,420
Other term loans						64,636,791
Preference shares						49,813,359
Provision for current tax						2,215,975
Deferred tax liabilities						853,856
Finance lease creditors						119,792
Consolidated total liabilities						407,389,024
Capital expenditure	81,373,672	29,597	100,737	2,858	187,665	81,694,529
Depreciation of property, plant and equipment	18,349,169	288,673	65,462	46,402	36,927	18,786,633
Depreciation of investment properties	–	–	1,356,159	–	–	1,356,159

The division of the Group's results, assets and liabilities into activities has been ascertained by reference to direct identification of assets, liabilities and revenue/cost centres.

43 **GROUP SEGMENTAL INFORMATION** (continued)

(a) Primary reporting format – business segments (continued)

There are no sales or other transactions between the business segments. Segment assets consist primarily of development property, trading property, investment properties, property, plant and equipment, inventories, receivables and operating cash, and mainly exclude investment in associated companies. Segment liabilities comprise operating liabilities and exclude items such as taxation, bank borrowings, other term loans, preference shares and finance lease creditors. Capital expenditure comprises additions to property, plant and equipment.

(b) By geographical locations

The Company and its subsidiaries operate principally in Singapore and Malaysia except for the Group's shipping companies which cover the world's shipping routes. As such, it would not be meaningful to allocate revenue, total assets and capital expenditure to specific geographical segments for the Group's shipping activities.

44 **POST BALANCE SHEET EVENTS**

On 28 February 2003, the Company entered into a Share Sales Agreement to dispose for cash its entire 100% equity interest in Revo Technologies Ltd to its immediate holding company. The sale consideration of \$1 was arrived at on a willing-seller, willing-buyer basis. The Group will recognise a gain on disposal of this subsidiary of approximately \$14,000 in the financial year ending 31 December 2003.

On 28 February 2003, the Company entered into a Memorandum of Understanding with COSCO Industrial Investments Ltd in contemplation of the proposed acquisition by the Company of 40% of the registered capital in Dalian COSCO Marine Engineering Co., Ltd ("Dalian COSCO"), a company registered in the People's Republic of China ("PRC"), from COSCO Industrial Investments Ltd. The proposed acquisition is subject to the parties subsequently signing an acquisition agreement to govern the sale and purchase. Dalian COSCO is licensed in the PRC to carry out, amongst others, the business of ship repairing. It is dedicated to undertake repairs and conversions for all types of vessels up to Capesize for dry docking and VLCC for afloat repairs.

45 **COMPARATIVES**

Where necessary, comparatives have been adjusted to conform with changes in presentation in the current financial year.

46 **AUTHORISATION OF FINANCIAL STATEMENTS**

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of COSCO Investment (Singapore) Limited on 11 April 2003.

DISCLOSURE REQUIREMENTS UNDER LISTING MANUAL

STATEMENT PURSUANT TO RULE 723

Authorised Share Capital

S\$250,000,000 comprising 1,250,000,000 ordinary shares of \$0.20 each

S378,293 comprising 37,829,333 Redeemable Convertible Cumulative Preference Shares ("RCCPS") of S\$0.01 each

A	Class of Shares	:	Ordinary Shares of \$0.20 each, fully paid
	Voting Rights	:	One vote per share

Substantial Shareholders as at 31 March 2003 as shown in the Register of Substantial Shareholders

Name of Substantial Shareholder	No. of shares of \$0.20 each fully paid			%
	Direct	Deemed	Total	
COSCO Holdings (Singapore) Pte Ltd	332,495,000	–	332,495,000	53.22
China Ocean Shipping (Group) Company	–	398,395,059	398,395,059	63.77
COSCO (Hong Kong) Group Limited	–	398,395,059	398,395,059	63.77
COSCO Industrial Investments Limited	65,900,059	–	65,900,059	10.55

Based on the Register of Members, the shareholding spread of the Company complies with Rule 723 of the Listing Manual.

SHAREHOLDERS DISTRIBUTION AS AT 31 MARCH 2003

Size of Holdings	No. of Holders	%	No. of Shares	%
1 - 999	34	1.23	16,160	0.00
1,000 - 10,000	1,064	38.52	7,842,100	1.26
10,001 - 1,000,000	1,641	59.42	97,176,000	15.55
1,000,001 and above	23	0.83	519,693,049	83.19
Grand Total	2,762	100.00	624,727,309	100.00

20 LARGEST REGISTERED SHAREHOLDERS AS AT 31 MARCH 2003

No.	Name	Shareholdings	%
1	COSCO Holdings (Singapore) Pte Ltd	332,495,000	53.22
2	COSCO Industrial Investments Limited	65,900,059	10.55
3	United Overseas Bank Nominees Pte Ltd	40,114,250	6.42
4	Citibank Nominees Singapore Pte Ltd	20,607,000	3.30
5	DBS Nominees Pte Ltd	11,778,000	1.89
6	HSBC (Singapore) Nominees Pte Ltd	6,554,000	1.05
7	Hui Shune Ming	5,500,000	0.88
8	Four Seas Nominees Pte Ltd	4,822,500	0.77
9	BNP Paribas Nominees Singapore Pte Ltd	4,607,000	0.74
10	G K Goh Stockbrokers Pte Ltd	3,455,000	0.55
11	Oversea Chinese Bank Nominees Pte Ltd	3,454,000	0.55
12	Royal Bank of Canada Nominees Pte Ltd	3,193,000	0.51
13	Bank of China Nominees Pte Ltd	2,360,000	0.38
14	Lim Hock Yeong	2,200,000	0.35
15	Chen Limei	2,005,000	0.32
16	Lin Shui Chin	1,673,000	0.27
17	DBS Vickers Securities (S) Pte Ltd	1,590,000	0.26
18	Lee Chan Phuan	1,568,000	0.25
19	Chye Seng Tannery (Pte) Ltd	1,500,000	0.24
20	Phillip Securities Pte Ltd	1,117,990	0.18
	Total:	516,493,799	82.68

B Class of Shares : Redeemable Convertible Cumulative Preference Shares ("RCCPS") of \$0.01 each
 Voting Rights : Refer to Article 4A B g

RCCPS HOLDERS DISTRIBUTION AS AT 31 MARCH 2003

Size of Holdings	No. of Holders	%	No. of RCCPS	%
1 - 999	3	4.41	1,499	0.00
1,000 - 10,000	57	83.83	151,329	0.45
10,001 - 1,000,000	7	10.29	252,331	0.76
1,000,001 and above	1	1.47	33,048,124	98.79
Grand Total	68	100.00	33,453,283	100.00

23 LARGEST REGISTERED RCCPS HOLDERS AS AT 31 MARCH 2003

No.	Name	No. of RCCPS	%
1	Evertop Enterprises Ltd	33,048,124	98.79
2	Chye Seng Tannery (Pte) Ltd	100,000	0.30
3	United Overseas Bank Nominees Pte Ltd	49,599	0.15
4	DBS Nominees Pte Ltd	39,732	0.12
5	Lim Chwee Kim	24,000	0.07
6	Chua Tang Hock	14,000	0.04
7	Lim Geok Seng	14,000	0.04
8	Cheah Sin Huat	11,000	0.03
9	Ang Seng Tai	10,000	0.03
10	Goh Ngoh Khang	9,000	0.03
11	Oversea Chinese Bank Nominees Pte Ltd	8,999	0.03
12	Citibank Nominees Singapore Pte Ltd	8,333	0.03
13	Huichoo Investment Pte Ltd	8,333	0.03
14	Tan Keng Soh	5,000	0.02
15	Chan Kok Chuan	4,000	0.01
16	Chu Tee Chui	4,000	0.01
17	Chua Kay Hock	4,000	0.01
18	Lim Hong Tan	4,000	0.01
19	Lim Kit Chia	4,000	0.01
20	Ng Kim Soon	4,000	0.01
21	Ong Mei Hsia	4,000	0.01
22	Phua Eng Hai	4,000	0.01
23	Tan Hong Boo @ Tan Kee Hong	4,000	0.01
Total:		33,386,120	99.80

Interested Person Transactions

Pursuant to Rule 907 of the Listing Manual, the following interested person transactions were entered into during the financial year:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
COSCO Xiamen	-	832,912
COSCO Container Lines	-	17,785,984
Xing Yuan Pte Ltd	-	826,555
Chimbusco (S) Pte Ltd	-	326,677
COSCO Development Co., Ltd	6,090,279	-
COSCO Guangzhou Crew Co.	-	1,831,614
COSCO Shanghai Crew Co.	-	915,807
COSCO Qingdao Crew Co.	-	1,831,614
	6,090,279	24,351,163

FIVE YEAR SUMMARY

	Notes	1998 \$'000	1999 \$'000	2000 \$'000	2001 \$'000	2002 \$'000
Profit and Loss Account						
Turnover		325,129	201,412	161,931	152,145	102,441
Operation profit before taxation and extraordinary items		3,747	5,226	13,979	16,639	2,298
Share of profit/(loss) of associated companies	1	88	(27)	(35)	54	4,178
		3,835	5,199	13,944	16,693	6,476
Taxation		(2,464)	(1,442)	(3,556)	(2,770)	(1,467)
Profit from ordinary activities		1,371	3,757	10,388	13,923	5,009
Minority interest		1,310	(2,942)	(1,035)	(684)	(1,110)
Profit for the year		2,681	815	9,353	13,239	3,899
Gross dividend		1,000	796	2,784	3,744	4,373
Net dividend		740	593	2,102	2,921	3,411
Balance Sheet						
Share Capital		100,034	105,411	111,360	111,485	124,945
Capital reserve		14,424	14,689	15,813	18,376	11,025
Retained profits		24,276	24,498	31,749	47,395	48,373
Minority interests		2,053	3,721	3,911	3,429	2,553
		140,787	148,319	162,833	180,685	186,896
Deferred tax assets		–	–	–	–	494
Property, plant and equipment		211,001	252,326	246,480	329,712	350,773
Investment property		96,361	95,503	95,937	97,345	30,427
Associated companies		1,018	933	886	928	28,229
Loan to related companies		20,932	21,142	22,011	23,419	22,791
Club memberships		472	472	676	355	358
Investments		120	120	1,855	7,810	7,348
Deferred expenditure		31	–	–	1,314	–
Non-trade debtor		–	1,008	1,091	938	882
Net current assets/(liabilities)		25,815	27,889	(4,375)	(365)	32,812
Non-current liabilities		(214,963)	(251,074)	(201,728)	(280,771)	(287,218)
		140,787	148,319	162,833	180,685	186,896
Ratios						
Basic earning per share (cents)	2	0.54	0.13	1.69	2.38	0.63
Dividend per share - gross (%)		1.0	0.5	2.5	3.0	3.5
Dividend cover (times)	3	3.6	1.4	4.4	4.5	1.1
Net tangible assets per share (cents)	4	27.8	27.4	28.5	31.6	28.7
Gearing Ratio (Net of Cash)	5	1.5	1.9	1.5	1.7	1.6

Notes

- The equity method of accounting has been applied as from 1979. The share of profit/(loss) of associated companies is net of amortisation of goodwill.
- Earnings per share is calculated on the consolidated profit after tax, minority interest and preference dividend by the weighted average number of ordinary shares in issue during the year.
- The dividend cover is calculated on the consolidated profit after tax and minority interest divided by the amount of equity dividend.
- Net tangible assets per share for 2002 is calculated, based on the number of shares issue of 624,727,309 (2001 : 557,427,250) and taking into account the amounts payable in the event of redemption of the preference shares.
- Gearing ratio is derived by taking total indebtedness (net of cash) over the shareholders' fund.
- All computations per share have been adjusted to account for the share split of 1 ordinary share of \$1.00 each divided into ordinary shares of \$0.20 each.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Pisces & Aquarius, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594 on **Friday, 16 May 2003**, at **2.30 p.m.**, to transact the following business:-

ORDINARY BUSINESS

1. To receive and consider the audited Financial Statements for the year ended 31 December 2002 and the Reports of the Directors and Auditors thereon. (Resolution 1)
2. To declare a first and final dividend of 0.7 cents per ordinary share of S\$0.20 less 22% Singapore income tax. (Resolution 2)
3. To approve payment of Directors' Fees of \$89,060 [2001: \$83,400] for the year ended 31 December 2002. (Resolution 3)
4.
 - (a) To re-elect Mr Zhou Lian Cheng, a Director retiring under Article 98 of the Articles of Association of the Company. (Resolution 4)
 - (b) To re-elect Dr Wang Kai Yuen, a Director retiring under Article 98 of the Articles of Association of the Company. (Resolution 5)
 - (c) To re-elect Mr Li Jian Hong, a Director retiring under Article 84 of the Articles of Association of the Company. (Resolution 6)
 - (d) To re-elect Mr Er Kwong Wah, a Director retiring under Article 84 of the Articles of Association of the Company. (Resolution 7)
5. To re-appoint Messrs PricewaterhouseCoopers as Auditors and to authorise the Directors to fix their remuneration. (Resolution 8)

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions:-
 - (i) That the Directors be and are hereby authorised pursuant to the provisions of Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited to allot and issue such of the unissued shares of the Company on such terms and conditions and with such rights or restrictions as they may deem fit PROVIDED ALWAYS THAT:-
 - (a) the aggregate number of shares to be issued pursuant to this Resolution shall not exceed fifty per cent (50%) of the issued share capital of the Company (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of shares to be issued other than on a pro rata basis to existing shareholders shall not exceed twenty per cent (20%) of the issued share capital of the Company for the time being as calculated in accordance with sub-paragraph (b) below;
 - (b) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the percentage of issued share capital shall be calculated based on the issued share capital of the Company as at the date of the passing of this Resolution after adjusting for new shares which may be issued upon the conversion or exercise of any convertible securities and share options that have been issued pursuant to any previous shareholders' approval, and adjusted for any subsequent consolidation or subdivision of the shares; and
 - (c) that such authority shall continue in force until the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. (Resolution 9)
7. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

That, in connection with or pursuant to the COSCO Group Employees' Share Option Scheme 2002 (the "2002 Scheme"), the Board of Directors of the Company be and is hereby authorised to from time to time allot and issue such number of Shares as may be required to be issued pursuant to the exercise of options granted by the Company pursuant to the 2002 Scheme during the continuance of this authority, provided always that the aggregate number of Shares to be issued pursuant to the 2002 Scheme does not exceed 15 per cent of the total issued share capital of the Company from time to time. (Resolution 10)

NOTICE OF ANNUAL GENERAL MEETING

OTHER BUSINESS

8. To transact any other business that may be transacted at an Annual General Meeting.

By Order of the Board
Lawrence Kwan
Secretary
Singapore, 29 April 2003

STATEMENTS PURSUANT TO RULE 704(8) OF THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

Dr Wang Kai Yuen is Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees and upon his re-appointment as a director, will continue to hold such office. Dr Wang is considered by the Board of Directors to be independent.

Mr Er Kwong Wah is Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees and upon his re-appointment, will continue to hold such office. Mr Er is considered by the Board of Directors to be independent.

Explanatory Notes on Special Business to be transacted:-

- (i) Resolution (9), if passed, will empower the Directors of the Company from the date of the meeting until the next Annual General Meeting to issue shares in the Company up to and not exceeding in total 50 per cent of the issued share capital of the Company, for the time being, for such purposes as they consider would be in the interests of the Company. For issues and allotment of shares other than on a pro rata basis to all shareholders, the aggregate number of shares to be issued and allotted shall not exceed 20 per cent of the existing issued share capital of the Company. This authority will continue in force until the next Annual General Meeting of the Company, unless previously revoked or varied at a general meeting.

The basis of calculation under paragraph 6(i) sub-paragraph (b) above to determine the aggregate number of shares that may be issued is in accordance with Rule 806(3) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

- (ii) Resolution (10), if passed, gives the authority to the Directors to issue shares in connection with the 2002 Scheme and, whilst this approval remains in force, to grant offers, agreements and options which could require shares to be issued (notwithstanding that such issue may take place after the expiration of this approval) provided that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed 15 per cent of the issued share capital of the Company for the time being. This authority is additional to the general authority to issue shares sought under Resolution (9).

Note:

A member of the Company entitled to attend and vote at the above meeting may appoint a proxy to attend and vote on his behalf and such proxy need not be a member of this Company. The instrument appointing a proxy, together with the power of attorney (if any) under which it is signed or a notarially certified or office copy thereof must be lodged at the Registered Office of the Company at 9 Temasek Boulevard, #07-00 Suntec City Tower 2, Singapore 038989, not less than 48 hours before the Meeting.

PROXY FORM FOR ANNUAL GENERAL MEETING

I/We _____ (Name)

of _____ (Address)

being a member/members of COSCO INVESTMENT (SINGAPORE) LIMITED hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

IMPORTANT:

1. This Annual Report is also forwarded to investors who have used their CPF monies to buy shares in the Company at the request of their CPF Approved Nominees, and to RCCPS holders and is sent solely for their information only.
2. The Proxy Form is, therefore, not valid for use by RCCPS holders and CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

as my/our proxy/proxies to attend and to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 16 May 2003, and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

No.	Resolutions	To be used on a show of hands		To be used in the event of a poll	
		For*	Against*	For**	Against**
1.	To receive and consider the audited Financial Statements and Reports for the year ended 31 December 2002.				
2.	To declare a first and final dividend of 0.7 cents per ordinary share of S\$0.20 less 22% Singapore income tax.				
3.	To approve payment of Directors' Fees.				
4.	To re-elect Mr Zhou Lian Cheng, a Director retiring under Article 98 of the Articles of Association of the Company.				
5.	To re-elect Dr Wang Kai Yuen, a Director retiring under Article 98 of the Articles of Association of the Company.				
6.	To re-elect Mr Li Jian Hong, a Director retiring under Article 84 of the Articles of Association of the Company.				
7.	To re-elect Mr Er Kwong Wah, a Director retiring under Article 84 of the Articles of Association of the Company.				
8.	To re-appoint Messrs PricewaterhouseCoopers as Auditors and to authorise the Directors to fix their remuneration.				
9.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Cap. 50				
10.	To authorise Directors to issue shares pursuant to the 2002 Scheme.				

* Please indicate your vote "For" or "Against" with a "✓" within the box provided.

** If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2003.

Total number of Shares held

Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ NOTES FOR PROXY FORM

PROXY FORM FOR ANNUAL GENERAL MEETING

NOTES FOR PROXY FORM

1. A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf.
2. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.
3. A proxy need not be a member of the Company.
4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number of shares is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
5. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 9 Temasek Boulevard, #07-00 Suntec City Tower 2, Singapore 038989 not less than 48 hours before the time set for the Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised.
7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.