



COSCO International Holdings Limited
(Incorporated in Bermuda with limited liability)

ANNOUNCEMENT OF 2002 FINAL RESULTS

The board of directors (the "Board") of COSCO International Holdings Limited (the "Company") would like to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st December 2002 as follows:

CONSOLIDATED INCOME STATEMENT

	Note	2002 HK\$'000	2001 HK\$'000
TURNOVER	1	583,508	1,844,845
Cost of sales		(485,639)	(1,711,590)
Gross profit		97,869	133,255
Other revenues		7,472	13,987
Other operating income		979	3,647
Other charges		(539,043)	(181,800)
Administrative expenses		(68,915)	(66,647)
Other operating expenses		(6,199)	(9,406)
OPERATING LOSS		(507,837)	(106,964)
Finance costs		(32,442)	(51,241)
Share of results of associated companies		1,947	76
Share of results of jointly controlled entities		7,242	(2,169)
LOSS BEFORE TAXATION		(531,090)	(160,298)
Taxation	2	(14,311)	(7,353)
LOSS AFTER TAXATION		(545,401)	(167,651)
Minority interests		7,345	(447)
LOSS ATTRIBUTABLE TO SHAREHOLDERS		(538,056)	(168,098)
LOSS PER SHARE	3		
– BASIC		(38.59 cents)	(12.10 cents)
– FULLY DILUTED		Not applicable	Not applicable

Notes:

1. TURNOVER AND SEGMENT INFORMATION

Primary reporting format: business segments

	Property development 2002 HK\$'000	Building construction 2002 HK\$'000	Property investment 2002 HK\$'000	Infrastructure investment 2002 HK\$'000	Ship trading 2002 HK\$'000	Other operations 2002 HK\$'000	Group 2002 HK\$'000
Segment turnover of the Group	178,397	312,076	56,860	19,730	15,350	1,095	583,508
Segment results of the Group	(7,122)	(102,427)	(224,549)	(143,493)	4,165	(16,865)	(490,291)
Unallocated corporate expenses, net of income							(17,546)
Operating loss							(507,837)
Finance costs							(32,442)
Share of results of associated companies		1,947					1,947
Share of results of jointly controlled entities	9,594					(2,352)	7,242
Loss before taxation							(531,090)
Taxation							(14,311)
Loss after taxation							(545,401)
Minority interests							7,345
Loss attributable to shareholders							(538,056)
The segment results have been arrived at after charging:							
Depreciation and amortisation	2,689	4,462	21,016	19,335	1,464		48,966
Deficit on revaluation of investment properties			45,900				45,900
Impairment loss on a leasehold land and building			207,000				207,000
Impairment loss on other investment in a joint venture				140,798			140,798
Provision for diminution in value of investment securities						13,650	13,650
Provision for claims and foreseeable losses on certain construction contracts		87,729					87,729
Provision for completed properties held for sale	43,966						43,966
Capital expenditure	1,166	1,426			470		3,062
The segment results have been arrived at after charging:							
Depreciation and amortisation	2,451	6,715	21,119	88,343			118,628
Deficit on revaluation of investment properties			45,000				45,000
Provision for diminution in value of an investment security						128,800	128,800
Provision for completed properties held for sale	8,000						8,000
Capital expenditure	350	672					1,022

Secondary reporting format: geographical segments

	Segment turnover		Segment results	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Hong Kong	381,436	1,562,344	(379,157)	(121,250)
Mainland China	202,072	282,501	(110,687)	35,694
	583,508	1,844,845	(489,844)	(85,556)
Unallocated corporate expenses, net of income			(17,993)	(21,408)
Operating loss			(507,837)	(106,964)

2. TAXATION

Hong Kong profits tax has been provided at the rate of 16% on the estimated assessable profit for the year. In 2001, no Hong Kong profits tax had been provided as there was no estimated assessable profit.

Mainland China taxation has been calculated on the estimated assessable profit derived from the Group's operations in Mainland China for the year at the rates of taxation prevailing in the Mainland China.

The amount of taxation for the year charged to the consolidated income statement represents:

	2002 HK\$'000	2001 HK\$'000
Company and subsidiaries		
– Hong Kong taxation	367	
– Mainland China taxation	8,815	6,894
Share of taxation of a jointly controlled entity	5,129	459
	14,311	7,353

3. LOSS PER SHARE

The calculation of basic loss per share is based on the Group's loss attributable to shareholders of HK\$538,056,000 (2001: HK\$168,098,000) and 1,394,389,291 (2001: the weighted average of 1,389,789,044) shares in issue during the year.

There is no potential dilutive shares in issue during the year. For 2001, no diluted loss per share was presented as the effect of the potential shares would be anti-dilutive.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the year ended 31st December 2002, the Group recorded a turnover of HK\$583,508,000 (2001: HK\$1,844,845,000), representing a decrease of 68% as compared to the prior year. The significant decrease was mainly due to the inclusion in 2001 turnover of the sale of the residential units and car parks of Boardview Court, a Private Sector Participation Scheme project developed by the Group, amounting to HK\$1,218,815,000.

The Group incurred an operating loss of HK\$106,964,000 for the current year (2001: HK\$106,964,000), and the loss attributable to shareholders increased to HK\$538,056,000 (2001: HK\$168,098,000). The loss was mainly due to provision of HK\$539,043,000 (2001: HK\$181,800,000), comprising provision for the revaluation deficit of investment properties of HK\$45,900,000 (2001: HK\$45,000,000); provision for impairment loss on a leasehold land and building of HK\$207,000,000 (2001: nil); provision for impairment loss on other investment in a joint venture of HK\$140,798,000 (2001: nil); provision for diminution in value of investment securities of HK\$13,650,000 (2001: HK\$128,800,000); provision for claims and foreseeable losses on certain construction contracts of HK\$87,729,000 (2001: nil); provision for completed properties held for sale in Hong Kong of HK\$43,966,000 (2001: HK\$8,000,000).

Excluding the above provisions, the Group achieved an operating profit of HK\$31,206,000 (2001: HK\$74,836,000). The decrease in operating profit by 58% as compared to the previous year was the result of the decrease in operating profit from the sale of properties at Boardview Court by HK\$26,097,000 since most of the Boardview Court sales were made in 2001, and the decrease in net return from investments in Henan Power Plant by HK\$17,899,000 when the guaranteed return period expired in September 2001.

Financial Resources and Liquidity

As at 31st December 2002, shareholders' funds of the Group decreased by 35% to HK\$1,004,285,000 as a result of the loss attributable to shareholders of HK\$538,056,000 recorded for the year.

The trade receivables of the Group decreased substantially from HK\$419,230,000 to HK\$74,118,000 as at 31st December 2002, due mainly to the settlement of the accounts receivable from the purchasers of the residential units of Boardview Court. The sales proceeds received had been applied towards the repayment of the bank loan relating to the project.

For the year ended 31st December 2002, the Group solicited a total of HK\$170,000,000 new banking facilities and had a net repayment of bank loans in the amount of HK\$361,076,000. As at 31st December 2002, total banking facilities available to the Group amounted to HK\$1,507,615,000 (2001: HK\$1,629,600,000) of which HK\$1,106,281,000 (2001: HK\$1,467,357,000) were utilised. The decrease in utilization of banking facilities was primarily attributable to the repayment of bank loans by applying the proceeds from the sale of properties at Boardview Court and Shanghai Fragrant Garden. The gearing ratio, which represents total bank loans over total assets, was approximately 44% (2001: 43%). The gearing ratio increased despite the reduction in utilization of banking facilities due to the aforesaid provisions of HK\$539,043,000 made on certain assets.

As at 31st December 2002, the Group's borrowings were denominated in Hong Kong dollar and Renminbi and carry interests at rates calculated with reference to Hong Kong Interbank Offered Rate and the base rates announced by the People's Bank of China. The Group did not have any financial instruments used for hedging purpose.

The maturity and currency profiles of the outstanding bank loans as at 31st December 2002 are analysed as follows:

	2002 HK\$'000		2001 HK\$'000	
	Amount	%	Amount	%
Maturity profiles:				
Bank loans repayable				
– Within one year	155,000	14%	430,731	29%
– In the second year	171,281	15%	256,626	18%
– In the third to fifth year	780,000	71%	780,000	53%
	1,106,281	100%	1,467,357	100%
Secured	853,281	77%	1,208,567	82%
Unsecured	253,000	23%	258,790	18%
	1,106,281	100%	1,467,357	100%
Currency profiles:				
Hong Kong Dollar	1,033,000	93%	1,271,941	87%
Renminbi	73,281	7%	195,416	13%
	1,106,281	100%	1,467,357	100%

As at 31st December 2002, investment properties in Hong Kong of HK\$313,000,000 (2001: 360,000,000) and other properties in Hong Kong of HK\$738,806,000 (2001: HK\$966,686,000) were pledged as securities to a bank in respect of certain banking facilities granted to the Group. In addition, completed properties held for sale pledged as securities to banks in respects of certain banking facilities granted to the Group in 2001 amounting to HK\$100,108,000 were released in the beginning of the year after the repayment of the respective bank loans.

Cash and bank balances amounted to HK\$486,117,000 (2001: HK\$487,942,000) as at 31st December 2002 and accounted for 53% (2001: 35%) of the current assets of the Group. In addition to the above, bank balances of HK\$54,129,000 (2001: HK\$83,794,000) has been restricted by banks for the purpose of granting banking facilities to the Group.

During the year, the Group had no material exposure to exchange rate fluctuations. With its strong cash position and the available banking facilities, the Group has adequate resources for its ongoing operations and future development.

Major Customers and Suppliers

For the year ended 31st December 2002, the Group's five largest customers accounted for 63% of the Group's turnover and the largest customer included therein accounted for 51%. During the year, the aggregate amount of purchases from the five largest suppliers accounted for less than 30% of the total cost of sales of the Group.

None of the Company's directors, their associates, or any shareholders of the Company (which to the knowledge of the Company's directors owned more than 5% of the Company's issued shares) had a beneficial interest in any of the Group's five largest suppliers and customers.

Contingencies

	2002 HK\$'000	2001 HK\$'000
Claims for liquidated damages and cost of rectification works in respect of a completed construction contract	<u>42,500</u>	<u>—</u>
Performance bonds in respect of the performance and completion of construction contracts	<u>10,271</u>	<u>49,734</u>
Guarantee and counter-indemnity to bank guarantees in respect of due performance of management and remedial cost of a property project undertaken by the Group	<u>43,000</u>	<u>43,000</u>

Subsequent Events

On 24th January 2003, the Group entered into the Share Transfer and Capital Injection Agreement and the Joint Venture Agreement for the acquisition of a 23.4% equity interest in COSCO Real Estate Development Co. Ltd ("CRED"), a 50% owned company of China Ocean Shipping (Group) Company ("COSCO"), from COSCO for a cash consideration of RMB191,750,000 and the participation in the capital injection by the Group for an aggregate amount of RMB26,500,000. Upon completion of the transactions, the Group will hold 20% of the enlarged equity interest in CRED. On the same day, a Sale and Purchase Agreement was signed for the sale of the Group's entire 49% equity interest in Beijing Tian Lin Property Development Co. Ltd. ("Tian Lin") to a subsidiary of CRED for a cash consideration of RMB62,630,000 and for this subsidiary of CRED to procure the repayment by Tian Lin of the outstanding shareholder's loan advanced by the Group together with the handling fee in the sum of RMB226,760,000. The proposed acquisitions and disposals were approved in the Special General Meeting held on 6th March 2003. The transactions are conditional upon the performance of certain conditions precedents and are scheduled to be completed during the second half of the year 2003.

CHAIRMAN'S STATEMENT

RESULTS

Although global economy was still in its downturn in 2002, China has shown prominent achievement by recording as nearly 8% increase in economic growth. Hong Kong, possessing exclusive bond to her motherland, China, recorded a 2.3% growth from the depressed ambience. However, the local property market has been continuously hit by the depression. The Group faced a tough situation in terms of sluggish prices and falling rental income in the property market. The gloomy operating environment in construction market also hindered our business from going strong last year. Nevertheless, the Group endeavored to revive against economic decline and is determined to capitalize the strength of China's growth in a bid to overcome challenges while looking for unlimited opportunities.

For the year ended 31st December 2002, the Group recorded a turnover of HK\$583,508,000, representing a decrease of HK\$1,261,337,000, approximately 68% as compared with the previous year due to the inclusion in 2001 turnover of the sale of residential units and car parks at Broadview Court, a Private Sector Participation Scheme project developed by the Group, amounting to HK\$1,218,815,000. The overall gross profit of the Group dropped by 26% to HK\$97,869,000.

A provisions of HK\$539,043,000 (2001: HK\$181,800,000) were made during the year to reflect the fair value of assets and certain investments of the Group under the principle of sustainable operations, as well as the potential claims on constructions contracts. Excluding these provisions, the Group achieved an operating profit of HK\$31,206,000, a decrease by HK\$43,630,000 from the previous year.

The Board does not recommend the payment of a final dividend (2001: Nil) for the year ended 31st December 2002.

MAJOR DEVELOPMENT

Throughout 2002, the group continued to position real estate and property development as its core business, as well as, consolidating and developing the existing businesses, the Group has been actively seeking opportunities to unfold its foothold in ship trading and supplying services.

To explore the market of ship trading and supplying services, the Group announced to acquire a 60% equity interest in COSCO International Ship Trading Company Limited ("COSCO Ship Trading") from COSCO (H.K.) Industry & Trade Holdings Limited, a wholly-owned subsidiary of COSCO (Hong Kong) Group Limited ("COSCO Hong Kong") on 6th May 2002. The consideration of the acquisition amounted to HK\$59,400,000. COSCO Ship Trading became one of the subsidiaries of the Group on 1st July 2002. It signified a great start of the Group to extend its presence in ship trading sector.

In the past few years, through the extensive experiences gained from the development of Fragrant Garden in Shanghai and Ocean Prospect in Beijing, the Group is well positioned to further explore the promising high quality residential and commercial projects in China. On 24th January 2003, the Group entered into an agreement to acquire shares of CRED from its parent company, COSCO. Together with the proposed injection of new capital to CRED, the Group will hold a 20% of the enlarged issued share capital of CRED. The Group will become one of the largest shareholders of CRED with a total investment of RMB218,250,000.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of the Company will be held at 49th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong on Thursday, 15th May 2003 at 10:00 a.m. for the following purposes:

- To receive and consider the audited financial statements for the year ended 31st December 2002 together with the directors' report and the auditors' report thereon.
- To re-elect the directors and to fix their remuneration.
- To re-appoint auditors and to authorise the directors to fix their remuneration.
- As special business, to consider and, if thought fit, to pass with or without amendments the following resolutions as ordinary resolutions of the Company:
 - "THAT:**
 - subject to paragraph (b) of this resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase the shares of HK\$0.10 each in the share capital of the Company (the "Shares") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or any other stock exchange on which Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or those of any other recognised stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
 - the aggregate nominal amount of Shares to be repurchased by the Company pursuant to the approval in paragraph (a) of this resolution shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution, and the said approval shall be limited accordingly; and
 - for the purpose of this resolution, "Relevant Period" means the period from the passing of this resolution until whichever is the earlier of:
 - the conclusion of the next annual general meeting of the Company;
 - the expiration of the period within which the next annual general meeting of the Company is required by Bermuda law or the bye-laws of the Company to be held; or
 - the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting."
 - "THAT:**
 - subject to the following provisions of this resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of HK\$0.10 each in the share capital of the Company (the "Shares"), and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into Shares) which would or might require the exercise of such powers, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
 - the approval in paragraph (a) of this resolution shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into Shares) which would or might require the exercise of such powers after the end of the Relevant Period;
 - the aggregate nominal amount of the share capital of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) the

Employees

As at 31st December 2002, excluding associated companies and jointly controlled entities, the Group had approximately 292 (2001: 251) employees of whom approximately 158 (2001: 181) employees were employed in Hong Kong. The number of employees employed in Hong Kong decreased upon the completion of the Boardview Court project. On the other hand, the deliver for occupancy of the completed phase I of Fragrant Garden resulted in the employment of additional property management staff. For the year ended 31st December 2002, employees costs including directors' emoluments totalled HK\$55,411,000 (2001: HK\$78,838,000). The decrease in employee's cost was mainly due to the reduction in number of headcount in Hong Kong as mentioned above and stringent cost control measure adopted by the Group. All Hong Kong employees participate in the Mandatory Provident Fund scheme.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

PUBLICATION OF RESULTS ON THE STOCK EXCHANGE'S WEBSITE

A detailed results announcement containing all the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Rule Governing the Listing of Securities will be published on the website (<http://www.hkex.com.hk>) of the Stock Exchange of Hong Kong Limited in due course.

By Order of the Board
Liu Hanbo
Managing Director

Hong Kong, 25th March 2003

This announcement is also available on the following websites:
<http://www.hkex.com.hk>
<http://www.coscointl.com>
<http://www.cosco.com.hk>

Moreover, in order to simplify the shareholding structure, the Group signed an agreement to sell its entire 49% equity interest in Tian Lin to Yun Kun Property Development Company, a subsidiary of CRED. Together with Tian Lin's repayment of the outstanding aggregated shareholders' loan advanced by the Group and the handling fee amounted to RMB289,390,000. The completion of the transactions is widely expected to enforce the Group with unparalleled strength to take position in China's property market. The agreements were approved in the Special General Meeting held on 6th March 2003 and the deals are scheduled to conclude during the second half of the year 2003.

OUTLOOK

According to the latest research report released by International Monetary Fund, the world economy is expected to climb up steadily by approximately 3.7%. The report also predicts global trade will go up by 6.2% this year compared with only 2% recorded a year ago. China's Gross Domestic Product is expected to achieve a substantial increase of about 8%. Hong Kong's economic growth will also improve from 2.3% recorded in 2002 to 3% this year.

After obtaining the official status of the World Trade Organization membership, winning the bid of hosting 2008 Olympic Games in Beijing and 2010 World Expo in Shanghai, China's future will be further guaranteed by the numerous commercial activities and influx of foreign investment. Therefore, the Chinese Government is likely to step up the investment of infrastructure and property development in Beijing and Shanghai in the upcoming years. In the light of the latest developments, it is expected to provide opportunities for the Group.

Year 2003 will be an era of challenges to the Group and it is believed that the business environment will be very difficult. Throughout the year of 2002, the management of the Group has determined to set out a distinct business direction and positioning. Besides, the Group has also put continuous effort to carry out strategies including measures to intensify internal control and human resources management. Meanwhile, after negotiations with bankers, we were able to obtain lower interests rates spread that close to market practice, series of measures for enhancing efficiency and cost control were also launched. The Group will ride on the China's growth this year and will continue to position property as its core business so as to consolidate and develop its existing businesses. Moreover, the Group will actively explore more market opportunities in ship trading and supplying services related to the core business of its ultimate holding company, COSCO, to become a conglomerate of the COSCO group.

APPRECIATION

On behalf of the Board, I would like to take the chance to express my deepest gratitude to all of our business partners, bankers, clients, suppliers and shareholders for their solid support and trust for the Group.

WEI Jiafu
Chairman

Hong Kong, 25th March 2003

exercise of the conversion rights attaching to any convertible securities issued by the Company; (iii) the exercise of warrants to subscribe for Shares; (iv) the exercise of options granted under any share option scheme or similar arrangement for the time being adopted by the Company; or (v) an issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Company's bye-laws; shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution, and the said approval shall be limited accordingly; and

- for the purpose of this resolution, "Relevant Period" means the period from the passing of this resolution until whichever is the earlier of:
 - the conclusion of the next annual general meeting of the Company;
 - the expiration of the period within which the next annual general meeting of the Company is required by Bermuda law or the bye-laws of the Company to be held; or
 - the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

"Rights Issue" means an offer of Shares open for a period fixed by the directors of the Company to the holders of Shares or any class of Shares whose names appear on the registers of members of the Company on a fixed record date in proportion to their then holdings of such Shares as at that date (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company)."

- "THAT** subject to the passing of resolutions nos. 4A and 4B set out in the notice ("Notice") of the annual general meeting of the Company dated 25th March 2003, the general mandate granted to the directors of the Company in resolution no. 4B set out in the Notice be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of shares of HK\$0.10 each in the share capital of the Company (the "Shares") repurchased by the Company pursuant to the exercise by the directors of the Company of the general mandate granted to them in resolution no. 4A set out in the Notice to repurchase Shares provided that such amount shall not exceed 10% of the total nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution."
- To transact any other business.

By Order of the Board
WAI Ching Sum
Company Secretary

Hong Kong, 25th March 2003

Notes:

- A member of the Company entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares in the capital of the Company may appoint more than one proxy. A proxy need not be a member of the Company.
- To be valid the proxy form together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited with the Company's branch share registrars in Hong Kong, Abacus Share Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the meeting and adjourned meeting.
- A circular as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in connection with the proposed repurchase mandate under ordinary resolution no. 4A above will be despatched to members as soon as practicable.