

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended December 31, 2003.

Directors

The directors in office at the date of this report are as follows:

Peter Seah Lim Huat
Wong Kok Siew
Tay Siew Choon
Lua Cheng Eng
K Shanmugam
Tetsuro Kawakami
Goh Geok Ling
Richard Hale OBE
S Iswaran (Appointed on January 13, 2003)
Yong Ying-I (Appointed on May 26, 2003)
Dr Vichit Suraphongchai (Appointed on July 21, 2003)

Principal Activities

The principal activities of the Company are those of an investment holding company, as well as the corporate headquarters which gives strategic direction and provides management services to its subsidiaries. The principal activities of key subsidiaries are as follows:

(i) Utilities

Its principal activities are in power, gas, centralised utilities and specialised chemical feedstock industries. It is the provider of industrial site services to clusters of chemical multinational corporations on Jurong Island in Singapore and Wilton International in the United Kingdom. It also invests in, manages and operates cogeneration plants in Singapore and in the region. It is also involved in engineering, construction and fabrication of offshore platforms, modules and floating production systems for oil and gas companies worldwide.

(ii) Environmental Engineering

The business provides integrated waste management services in the Asia Pacific region. Its activities include a complete and integrated suite of solutions for waste treatment and environmental project management, catering to the municipal, industrial, commercial and healthcare sectors.

(iii) Engineering and Construction

It is an Engineering and Construction service provider with principal activities ranging from turnkey construction, design consultancy, infrastructure development, and project management. It is also involved in petrochemical, chemical and industrial process engineering and manufacturing of precast components.

(iv) Logistics

Its principal activities are in supply chain management and offshore logistics. It provides one-stop integrated logistics management services including automated warehouse and inventory management. The business operates offshore supply bases in Singapore, China, Indonesia, Thailand and Azerbaijan.

(v) Marine Engineering

This business focuses principally on repair, building and conversion of ships and rigs.

The building materials business was sold in 2003. Except for the disposal of building materials business, there have been no significant changes in the principal activities of the Company and the Group during the financial year.

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Directors' Interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the "Act"), particulars of interests of directors who held office at the end of the financial year in shares, debentures, warrants and share options in the Company and in related corporations are as follows:

		Shareholdings registered		Other shareholdings		
		in the name of director, spouse or infant children		in which the director is deemed to have an interest		
Name of director and corporation in which interests held		Exercise period	At beginning of	At end	At beginning of	At end
			the year/date of appointment	of the year	the year/date of appointment	of the year
Peter Seah Lim Huat						
SembCorp Industries Ltd	Options to subscribe for ordinary shares of \$0.25 each at					
	– \$1.99 per share	27/6/2001 to 26/6/2005	140,000	140,000	–	–
	– \$1.55 per share	20/4/2002 to 19/4/2006	140,000	140,000	–	–
	– \$1.59 per share	8/5/2003 to 7/5/2007	70,000	70,000	–	–
	– \$0.98 per share	18/10/2003 to 17/10/2007	70,000	70,000	–	–
	– \$1.14 per share	3/6/2004 to 2/6/2008	–	70,000	–	–
	– \$1.29 per share	19/11/2004 to 18/11/2008	–	70,000	–	–
CapitaLand Limited	Ordinary shares of \$1.00 each	–	113,000	113,000	–	–
	Options to subscribe for ordinary shares of \$1.00 each at					
	– \$1.71 per share	11/5/2003 to 10/5/2007	90,000	90,000	–	–
	– \$1.02 per share	1/3/2004 to 28/2/2008	–	90,000	–	–
Chartered Semiconductor Manufacturing Ltd	Options to subscribe for ordinary shares of \$0.26 each at					
	– \$3.46 per share	22/2/2003 to 22/2/2007	23,443	23,443	–	–
	– \$1.86 per share	30/8/2003 to 30/8/2007	46,887	46,887	–	–
	– \$0.72 per share	28/2/2004 to 28/2/2008	–	40,000	–	–
	– \$1.10 per share	29/8/2004 to 29/8/2008	–	45,000	–	–
Singapore Technologies Engineering Ltd	Options to subscribe for ordinary shares of \$0.10 each at					
	– \$1.92 per share	13/8/2003 to 12/8/2007	89,000	89,000	–	–
	– \$1.79 per share	7/2/2004 to 6/2/2008	–	44,500	–	–
	– \$1.86 per share	12/8/2004 to 11/8/2008	–	40,500	–	–

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Directors' Interests (continued)

		Shareholdings registered in the name of director, spouse or infant children			Other shareholdings in which the director is deemed to have an interest	
Name of director and corporation in which interests held	Description of interests	Exercise period	At beginning of	At end	At beginning of	At end
			the year/date of appointment	of the year	the year/date of appointment	of the year
Peter Seah Lim Huat (continued)						
StarHub Pte Ltd	Options to subscribe for ordinary shares of \$0.10 each at – \$0.22 per share	30/11/2003 to 29/11/2007	150,000	150,000	–	–
	– \$0.22 per share	31/5/2004 to 30/5/2008	–	75,000	–	–
	– \$0.22 per share	29/11/2004 to 28/11/2008	–	75,000	–	–
ST Assembly Test Services Ltd	Options to subscribe for ordinary shares of \$0.25 each at \$1.99 per share	6/8/2004 to 5/8/2013	–	70,000	–	–
STT Communications Ltd	Options to subscribe for ordinary shares of \$0.50 each at – \$0.50 per share	29/6/2003 to 28/6/2012	8,000	8,000	–	–
	– \$0.57 per share	30/7/2004 to 29/7/2013	–	39,000	–	–
The Ascott Group Limited	Options to subscribe for ordinary shares of \$0.20 each at – \$0.353 per share	5/5/2003 to 4/5/2012	12,000	12,000	–	–
	– \$0.321 per share	10/5/2004 to 9/5/2013	–	30,000	–	–
Singapore Telecommunications Ltd	Ordinary shares of \$0.15 each	–	3,420	3,420	–	–
Wong Kok Siew						
SembCorp Industries Ltd	Ordinary shares of \$0.25 each	–	636,446	836,446	–	–
	Options to subscribe for ordinary shares of \$0.25 each at – \$2.26 per share	20/5/2001 to 19/5/2009	500,000	500,000	–	–
	– \$1.99 per share	27/6/2001 to 26/6/2010	500,000	500,000	–	–
	– \$1.55 per share	20/4/2002 to 19/4/2011	500,000	500,000	–	–
	– \$1.59 per share	8/5/2003 to 7/5/2012	400,000	400,000	–	–
	– \$0.98 per share	18/10/2003 to 17/10/2012	400,000	400,000	–	–

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Directors' Interests (continued)

		Shareholdings registered			Other shareholdings	
		in the name of director,			in which the director is	
		spouse or infant children			deemed to have an interest	
		At beginning of		At beginning of		
		the year/date		the year/date		At end
Name of director and corporation	Exercise	At end	At end	At end	At end	At end
in which interests held	Description of interests	period	of appointment	of the year	of appointment	of the year
Wong Kok Siew (continued)						
SembCorp Industries Ltd	Options to subscribe for ordinary shares of \$0.25 each at					
	– \$1.14 per share	3/6/2004 to 2/6/2013	–	400,000	–	–
	– \$1.29 per share	19/11/2004 to 18/11/2013	–	400,000	–	–
	Conditional award of 280,000 performance shares to be delivered after 2002 (Note 1a)	–	Up to 560,000	–	–	–
	Conditional award of 300,000 performance shares to be delivered after 2003 (Note 1b)	–	Up to 600,000	Up to 600,000	–	–
	Conditional award of 400,000 performance shares to be delivered after 2004 (Note 1c)	–	Up to 800,000	Up to 800,000	–	–
	Conditional award of 400,000 performance shares to be delivered after 2005 (Note 1d)	–	–	Up to 800,000	–	–
	Conditional award of 1,000,000 restricted shares (Note 2)	–	Up to 800,000	Up to 600,000	–	–

Note 1: The actual number delivered will depend on the achievement of set targets over a 3-year period as indicated below. Achievement of targets below 80% level will mean no performance shares will be delivered, while achievement up to 200% will mean up to twice the number of conditional performance shares awarded could be delivered.

- (a) Period from 2000 to 2002
- (b) Period from 2001 to 2003
- (c) Period from 2002 to 2004
- (d) Period from 2003 to 2005

Note 2: 1,000,000 SembCorp Industries Shares are comprised in conditional awards of restricted stocks granted to Wong Kok Siew pursuant to the SembCorp Industries Restricted Stock Plan subject to completion of the vesting periods referred to below and Wong Kok Siew continuing to be in the employment of the SembCorp Industries Group at the time of the vesting. Of the 1,000,000 SembCorp Industries Shares:

- (i) 200,000 SembCorp Industries Shares have been vested on August 20, 2002;
- (ii) 200,000 SembCorp Industries Shares have been vested on August 20, 2003;
- (iii) 200,000 SembCorp Industries Shares will vest on August 20, 2004;
- (iv) 200,000 SembCorp Industries Shares will vest on August 20, 2005; and
- (v) 200,000 SembCorp Industries Shares will vest on August 20, 2006.

If Wong Kok Siew ceases to be in the employment of the SembCorp Industries Group before the completion of each vesting date, his awards of all unvested SembCorp Industries Shares will lapse with immediate effect and become null and void but he will be entitled to retain all SembCorp Industries Shares which have vested on or before the date of his cessation of employment.

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Directors' Interests (continued)

Name of director and corporation in which interests held		Description of interests	Exercise period	Shareholdings registered in the name of director, spouse or infant children		Other shareholdings in which the director is deemed to have an interest	
				At beginning of the year/date of appointment	At end of the year	At beginning of the year/date of appointment	At end of the year
Wong Kok Siew (continued)							
SembCorp Logistics Ltd	Options to subscribe for ordinary shares of \$0.25 each at						
	– \$2.50375 per share	29/6/2001 to 28/6/2005	80,000	80,000	–	–	
	– \$1.8375 per share	16/5/2002 to 15/5/2006	120,000	120,000	–	–	
	– \$2.01 per share	28/2/2003 to 27/2/2007	200,000	200,000	–	–	
	– \$1.50 per share	6/2/2004 to 5/2/2008	–	200,000	–	–	
SembCorp Marine Ltd	Ordinary shares of \$0.10 each	–	75,000	212,500	–	–	
	Options to subscribe for ordinary shares of \$0.10 each at						
	– \$0.70 per share	8/9/2001 to 7/9/2005	225,000	150,000	–	–	
	– \$0.66 per share	28/9/2002 to 27/9/2006	250,000	187,500	–	–	
	– \$0.90 per share	8/11/2003 to 7/11/2007	250,000	250,000	–	–	
	– \$0.99 per share	9/8/2004 to 8/8/2008	–	250,000	–	–	
Raffles Holdings Limited	Ordinary shares of \$0.50 each	–	10,000	10,000	–	–	
Singapore Food Industries Limited	Ordinary shares of \$0.05 each	–	80,000	180,000	–	–	
	Options to subscribe for ordinary shares of \$0.05 each at						
	– \$0.78 per share	30/10/2001 to 29/10/2009	100,000	100,000	–	–	
	– \$0.55 per share	24/8/2001 to 23/8/2005	200,000	100,000	–	–	
	– \$0.69 per share	28/7/2002 to 27/7/2006	120,000	120,000	–	–	
	– \$0.78 per share	9/8/2003 to 8/8/2007	120,000	120,000	–	–	
Singapore Technologies Engineering Ltd	Ordinary shares of \$0.10 each	–	5,137	25,137	–	–	
ST Assembly Test Services Ltd	Ordinary shares of \$0.25 each	–	2,000	2,000	–	–	
Singapore Telecommunications Ltd	Ordinary shares of \$0.15 each	–	3,420	3,420	–	–	

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Directors' Interests (continued)

Name of director and corporation in which interests held		Description of interests	Exercise period	Shareholdings registered in the name of director, spouse or infant children		Other shareholdings in which the director is deemed to have an interest	
				At beginning of the year/date of appointment	At end of the year	At beginning of the year/date of appointment	At end of the year
Tay Siew Choon							
SembCorp Industries Ltd	Ordinary shares of \$0.25 each	–	54,598	54,598	–	–	
	Options to subscribe for ordinary shares of \$0.25 each at						
	– \$1.294 per share	22/4/2000 to 20/4/2003	224,295	–	–	–	
	– \$2.26 per share	20/5/2001 to 19/5/2009	500,000	500,000	–	–	
	– \$1.99 per share	27/6/2001 to 26/6/2010	500,000	500,000	–	–	
	– \$1.55 per share	20/4/2002 to 19/4/2006	50,000	50,000	–	–	
	– \$1.59 per share	8/5/2003 to 7/5/2007	25,000	25,000	–	–	
	– \$0.98 per share	18/10/2003 to 17/10/2007	25,000	25,000	–	–	
	– \$1.14 per share	3/6/2004 to 2/6/2008	–	25,000	–	–	
	– \$1.29 per share	19/11/2004 to 18/11/2008	–	25,000	–	–	
CapitaLand Limited	Options to subscribe for ordinary shares of \$1.00 each at						
	– \$2.54 per share	13/6/2001 to 11/6/2005	53,850	53,850	–	–	
	– \$2.50 per share	19/6/2002 to 18/6/2006	50,000	50,000	–	–	
	– \$1.71 per share	11/5/2003 to 10/5/2007	40,000	40,000	–	–	
	– \$1.02 per share	1/3/2004 to 28/2/2013	–	19,000	–	–	
Chartered Semiconductor Manufacturing Ltd	Options to subscribe for ordinary shares of \$0.26 each at						
	– \$4.26 per share	15/8/2002 to 15/8/2006	23,443	23,443	–	–	
	– \$3.46 per share	22/2/2003 to 22/2/2007	29,304	29,304	–	–	
	– \$3.88 per share	1/5/2003 to 1/5/2007	234,439	234,439	–	–	
	– \$1.86 per share	30/8/2003 to 30/8/2007	46,887	46,887	–	–	
	– \$0.72 per share	28/2/2004 to 28/2/2008	–	25,000	–	–	
	– \$1.10 per share	29/8/2004 to 29/8/2008	–	35,000	–	–	

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Directors' Interests (continued)

		Shareholdings registered in the name of director, spouse or infant children			Other shareholdings in which the director is deemed to have an interest	
Name of director and corporation in which interests held		Exercise period	At beginning of the year/date of appointment	At end of the year	At beginning of the year/date of appointment	At end of the year
Tay Siew Choon (continued)						
Green Dot Internet Services Pte Ltd	Options to subscribe for ordinary shares of \$1.00 each at \$1.00 per share	12/3/2003 to 11/3/2013	–	16,627	–	–
Raffles Holdings Limited	Ordinary shares of \$0.50 each	–	10,000	10,000	–	–
Singapore Computer Systems Limited	Ordinary shares of \$0.25 each	–	571,000	771,000	–	–
	Options to subscribe for ordinary shares of \$0.25 each at – \$2.20 per share	19/10/2001 to 18/10/2005	80,000	80,000	–	–
	– \$2.08 per share	15/3/2002 to 14/3/2006	100,000	100,000	–	–
	– \$1.55 per share	8/3/2003 to 7/3/2007	75,000	75,000	–	–
	– \$0.86 per share	22/2/2004 to 21/2/2008	–	75,000	–	–
	Conditional award of 600,000 restricted shares (Note 3)	–	600,000	400,000	–	–

Note 3: 600,000 Singapore Computer Systems Limited ordinary shares of \$0.25 each ("SCS shares") are conditional awards of restricted stocks granted to Tay Siew Choon pursuant to the Green Dot Capital Restricted Stock Plan, with the following vesting period:

- (i) 200,000 SCS shares have been vested between December 16, 2002 to June 20, 2003;
- (ii) 200,000 SCS shares will vest between July 1, 2003 to June 30, 2004; and
- (iii) 200,000 SCS shares will vest between July 1, 2004 to June 30, 2005.

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Directors' Interests (continued)

Name of director and corporation in which interests held		Description of interests	Exercise period	Shareholdings registered in the name of director, spouse or infant children		Other shareholdings in which the director is deemed to have an interest	
				At beginning of the year/date of appointment	At end of the year	At beginning of the year/date of appointment	At end of the year
Tay Siew Choon (continued)							
Singapore Food Industries Limited	Ordinary shares of \$0.05 each	–	531,000	531,000	–	–	
	Options to subscribe for ordinary shares of \$0.05 each at \$0.55 per share	24/8/2002 to 23/8/2005	150,000	150,000	–	–	
SNP Corporation Ltd	Options to subscribe for ordinary shares of \$0.50 each at – \$0.50 per share	23/4/2002 to 22/4/2011	20,000	20,000	–	–	
	– \$0.71 per share	17/4/2003 to 16/4/2007	50,000	50,000	–	–	
	– \$0.61 per share	15/4/2004 to 14/4/2008	–	50,000	–	–	
ST Assembly Test Services Ltd	Ordinary shares of \$0.25 each	–	4,000	4,000	–	–	
	Options to subscribe for ordinary shares of \$0.25 each at \$1.99 per share	6/8/2004 to 5/8/2013	–	70,000	–	–	
STT Communications Ltd	Options to subscribe for ordinary shares of \$0.50 each at – \$1.42 per share	19/9/2001 to 18/9/2010	100,000	100,000	–	–	
	– \$0.92 per share	28/4/2002 to 27/4/2011	15,000	15,000	–	–	
	– \$0.50 per share	24/11/2002 to 23/11/2011	30,000	30,000	–	–	
	– \$0.50 per share	29/6/2003 to 28/6/2012	80,000	80,000	–	–	
	– \$0.57 per share	30/7/2004 to 29/7/2013	–	100,000	–	–	
The Ascott Group Limited	Options to subscribe for ordinary shares of \$0.20 each at – \$0.37 per share	21/12/2001 to 20/12/2010	10,000	10,000	–	–	
	– \$0.32 per share	30/6/2002 to 29/6/2011	12,000	12,000	–	–	
	– \$0.353 per share	5/5/2003 to 4/5/2012	12,000	12,000	–	–	
	– \$0.321 per share	10/5/2004 to 9/5/2013	–	23,000	–	–	

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Name of director and corporation in which interests held		Description of interests	Exercise period	Shareholdings registered in the name of director, spouse or infant children		Other shareholdings in which the director is deemed to have an interest	
				At beginning of the year/date of appointment	At end of the year	At beginning of the year/date of appointment	At end of the year
Tay Siew Choon (continued)							
Vertex Investment (II) Ltd	Ordinary shares of US\$1.00 each	–	–	–	–	2	2
Vertex Technology Fund Ltd	Ordinary shares of US\$1.00 each	–	–	–	–	20	20
Vertex Technology Fund (II) Ltd	Ordinary shares of US\$1.00 each	–	–	–	–	500	500
	Redeemable preference shares of US\$0.01 each	–	–	–	–	500	500
SMRT Corporation Ltd	Ordinary shares of \$0.10 each	–	–	–	–	30,000	30,000
Singapore Telecommunications Ltd	Ordinary shares of \$0.15 each	–	–	3,220	3,220	–	–
Lua Cheng Eng							
SembCorp Industries Ltd	Options to subscribe for ordinary shares of \$0.25 each at						
	– \$1.99 per share	27/6/2001 to 26/6/2005	70,000	70,000	–	–	–
	– \$1.55 per share	20/4/2002 to 19/4/2006	140,000	140,000	–	–	–
	– \$1.59 per share	8/5/2003 to 7/5/2007	70,000	70,000	–	–	–
	– \$0.98 per share	18/10/2003 to 17/10/2007	70,000	70,000	–	–	–
	– \$1.14 per share	3/6/2004 to 2/6/2008	–	70,000	–	–	–
	– \$1.29 per share	19/11/2004 to 18/11/2008	–	70,000	–	–	–
SembCorp Marine Ltd	Options to subscribe for ordinary shares of \$0.10 each at						
	– \$0.70 per share	8/9/2001 to 7/9/2005	75,000	37,500	–	–	–
	– \$0.66 per share	28/9/2002 to 27/9/2006	97,500	65,000	–	–	–
	– \$0.90 per share	8/11/2003 to 7/11/2007	130,000	130,000	–	–	–
	– \$0.99 per share	9/8/2004 to 8/8/2008	–	130,000	–	–	–
Singapore Telecommunications Ltd	Ordinary shares of \$0.15 each	–	–	3,480	3,480	–	–

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Name of director and corporation in which interests held		Description of interests	Exercise period	Shareholdings registered in the name of director, spouse or infant children		Other shareholdings in which the director is deemed to have an interest	
				At beginning of the year/date of appointment	At end of the year	At beginning of the year/date of appointment	At end of the year
K Shanmugam							
SembCorp Industries Ltd	Options to subscribe for ordinary shares of \$0.25 each at						
	– \$1.99 per share	27/6/2001 to 26/6/2005	70,000	70,000	–	–	
	– \$1.55 per share	20/4/2002 to 19/4/2006	70,000	70,000	–	–	
	– \$1.59 per share	8/5/2003 to 7/5/2007	35,000	35,000	–	–	
	– \$0.98 per share	18/10/2003 to 17/10/2007	35,000	35,000	–	–	
	– \$1.14 per share	3/6/2004 to 2/6/2008	–	35,000	–	–	
	– \$1.29 per share	19/11/2004 to 18/11/2008	–	35,000	–	–	
Chartered Semiconductor Manufacturing Ltd	Ordinary shares of \$0.26 each	–	200,000	200,000	–	–	
Vertex Technology Fund (II) Ltd	Ordinary shares of US\$1.00 each	–	10	10	–	–	
	Redeemable preference shares of US\$0.01 each	–	10	10	–	–	
Singapore Telecommunications Ltd	Ordinary shares of \$0.15 each	–	3,360	3,360	–	–	
Tetsuro Kawakami							
SembCorp Industries Ltd	Ordinary shares of \$0.25 each	–	–	–	10,000	10,000	
	Options to subscribe for ordinary shares of \$0.25 each at						
	– \$1.99 per share	27/6/2001 to 26/6/2005	35,000	35,000	–	–	
	– \$1.55 per share	20/4/2002 to 19/4/2006	35,000	35,000	–	–	
	– \$1.59 per share	8/5/2003 to 7/5/2007	17,500	17,500	–	–	
	– \$0.98 per share	18/10/2003 to 17/10/2007	17,500	17,500	–	–	
	– \$1.14 per share	3/6/2004 to 2/6/2008	–	17,500	–	–	
	– \$1.29 per share	19/11/2004 to 18/11/2008	–	17,500	–	–	

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Name of director and corporation in which interests held		Description of interests	Exercise period	Shareholdings registered in the name of director, spouse or infant children		Other shareholdings in which the director is deemed to have an interest	
				At beginning of the year/date of appointment	At end of the year	At beginning of the year/date of appointment	At end of the year
Goh Geok Ling							
SembCorp Industries Ltd	Ordinary shares of \$0.25 each	–	140,000	190,000	–	–	
	Options to subscribe for ordinary shares of \$0.25 each at						
	– \$1.99 per share	27/6/2001 to 26/6/2005	30,000	30,000	–	–	
	– \$1.55 per share	20/4/2002 to 19/4/2006	50,000	50,000	–	–	
	– \$1.59 per share	8/5/2003 to 7/5/2007	25,000	25,000	–	–	
	– \$0.98 per share	18/10/2003 to 17/10/2007	25,000	25,000	–	–	
	– \$1.14 per share	3/6/2004 to 2/6/2008	–	25,000	–	–	
	– \$1.29 per share	19/11/2004 to 18/11/2008	–	25,000	–	–	
CapitaLand Limited	Ordinary shares of \$1.00 each	–	12,000	12,000	–	–	
Chartered Semiconductor Manufacturing Ltd	American depository shares	–	2,500	2,500	–	–	
Raffles Holdings Limited	Ordinary shares of \$0.50 each	–	100,000	50,000	–	–	
Singapore Technologies Engineering Ltd	Ordinary shares of \$0.10 each	–	55,000	55,000	–	–	
ST Assembly Test Services Ltd	Ordinary shares of \$0.25 each	–	3,000	3,000	–	–	
	American depository shares	–	2,700	2,700	–	–	
Singapore Airport Terminal Services Ltd	Ordinary shares of \$0.10 each	–	10,000	10,000	–	–	
Singapore Food Industries Limited	Ordinary shares of \$0.05 each	–	–	–	100,000	100,000	
Singapore Telecommunications Ltd	Ordinary shares of \$0.15 each	–	33,280	33,280	–	–	

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Directors' Interests (continued)

Name of director and corporation in which interests held		Description of interests	Exercise period	Shareholdings registered in the name of director, spouse or infant children		Other shareholdings in which the director is deemed to have an interest	
				At beginning of the year/date of appointment	At end of the year	At beginning of the year/date of appointment	At end of the year
Richard Hale OBE							
SembCorp Industries Ltd	Options to subscribe for ordinary shares of \$0.25 each at						
	– \$1.55 per share	20/4/2002 to 19/4/2006	70,000	70,000	–	–	–
	– \$1.59 per share	8/5/2003 to 7/5/2007	35,000	35,000	–	–	–
	– \$0.98 per share	18/10/2003 to 17/10/2007	35,000	35,000	–	–	–
	– \$1.14 per share	3/6/2004 to 2/6/2008	–	35,000	–	–	–
	– \$1.29 per share	19/11/2004 to 18/11/2008	–	35,000	–	–	–
CapitaLand Limited	Options to subscribe for ordinary shares of \$1.00 each at						
	– \$2.54 per share	13/6/2001 to 11/6/2005	53,850	53,850	–	–	–
	– \$2.50 per share	19/6/2002 to 18/6/2006	30,000	30,000	–	–	–
	– \$1.71 per share	11/5/2003 to 10/5/2007	15,000	15,000	–	–	–
	– \$1.02 per share	1/3/2004 to 28/2/2008	–	126,000	–	–	–
Raffles Holdings Limited	Ordinary shares of \$0.50 each	–	5,000	5,000	–	–	–
SNP Corporation Ltd	Ordinary shares of \$0.50 each	–	138,000	233,000	–	–	–
	Options to subscribe for ordinary shares of \$0.50 each at \$1.39 per share	30/3/2001 to 31/10/2003	100,000	–	–	–	–
The Ascott Group Limited	Options to subscribe for ordinary shares of \$0.20 each at						
	– \$0.37 per share	21/12/2001 to 20/12/2005	150,000	150,000	–	–	–
	– \$0.32 per share	30/6/2002 to 29/6/2006	150,000	150,000	–	–	–
	– \$0.353 per share	5/5/2003 to 4/5/2007	150,000	150,000	–	–	–
	– \$0.321 per share	10/5/2004 to 9/5/2008	–	150,000	–	–	–
Singapore Airlines Ltd	Ordinary shares of \$0.50 each	–	1,000	1,000	–	–	–

Directors' Report

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Directors' Interests (continued)

		Shareholdings registered in the name of director, spouse or infant children			Other shareholdings in which the director is deemed to have an interest		
Name of director and corporation in which interests held		Description of interests	Exercise period	At beginning of the year/date of appointment	At end of the year	At beginning of the year/date of appointment	At end of the year
S Iswaran							
SembCorp Industries Ltd	Options to subscribe for ordinary shares of \$0.25 each at – \$1.14 per share	3/6/2004 to 2/6/2008	–	12,500	–	–	–
	– \$1.29 per share	19/11/2004 to 18/11/2008	–	12,500	–	–	–
Yong Ying-I							
CapitaLand Limited	Ordinary shares of \$1.00 each	–	50,000	50,000	–	–	–
Singapore Airlines Ltd	Ordinary shares of \$0.50 each	–	50,000	150,000	–	–	–
	4.15% Fixed Rate Notes	–	1,000,000	–	–	–	–
Singapore Telecommunications Ltd	Ordinary shares of \$0.15 each	–	50,000	150,000	–	–	–
Dr Vichit Suraphongchai							
SembCorp Industries Ltd	Options to subscribe for ordinary shares of \$0.25 each at \$1.29 per share	19/11/2004 to 18/11/2008	–	17,500	–	–	–
CapitaLand Limited	Ordinary shares of \$1.00 each	–	93,850	93,850	–	–	–

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment, if later, or at the end of the financial year.

There were no changes in the above-mentioned directors' interests in the Company between the end of the financial year and January 21, 2004.

Except as disclosed under the Share Options sections of this report, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, 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.

Since the end of the last financial year, no director has received or become entitled to receive a benefit 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 as follows:

- (i) SembCorp Engineers and Constructors Pte Ltd ("SECPL") has entered into various design contracts with its associate, ST Architects & Engineers Pte Ltd ("STAE"), in which Mr Wong Kok Siew, a director of the Company, is a shareholder by virtue of his professional capacity under the Professional Engineers Act, Chapter 253; and
- (ii) The Group has paid professional fees to a firm in which Mr K Shanmugam, a director of the Company, is a member as disclosed in note 27 (b) to the financial statements.

Directors' Interests *(continued)*

However, both Mr Wong Kok Siew and Mr K Shanmugam have not received or become entitled to receive any benefits arising from these transactions other than those to which they are ordinarily entitled as a shareholder of STAE and as member of the firm respectively.

Share-based Incentive Plans

The Company's Share Option Plan, Performance Share Plan and Restricted Stock Plan (collectively, the "Share Plans") were approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on June 3, 2000.

The Executive Resource and Compensation Committee (the "Committee") of the Company has been designated as the Committee responsible for the administration of the Share Plans. The Committee comprises the following members, all of whom are directors:

Peter Seah Lim Huat (Chairman)
Goh Geok Ling
K Shanmugam
S Iswaran (Appointed on March 11, 2003)

The Share Option Plan is the incentive scheme for directors and employees of the Company and its subsidiaries (the "Group") whereas the Performance Share Plan and Restricted Stock Plan are aimed primarily at key executives of the Group.

The Share Option Plan provides the Company with means whereby non-executive directors and employees of the Group, and certain categories of persons who can make significant contributions through their close working relationship with the Group, such as non-executive directors and employees of the Company's Parent Group and non-executive directors and employees of the Company's associates, are given an opportunity to participate in the equity of the Company.

Under the rules of the Share Option Plan, participants who ceased to be employed by the Group, Parent Group or the Company's associates by reason of ill health, injury or disability, redundancy, retirement at or after the legal retirement age, retirement before the legal retirement age, death, etc, or any other event approved by the Committee, may be allowed by the Committee to retain their unexercised Options. The Committee may determine the number of Shares comprised in that Option which may be exercised and the period during which such Option shall be exercisable, being a period not later than the expiry of the Exercise Period in respect of that Option. Such Option may be exercised at any time notwithstanding that the date of exercise of such Option falls on a date prior to the first day of the Exercise Period in respect of such Option.

The Company designates Temasek Holdings (Private) Limited as the Parent Company and the Singapore Technologies Pte Ltd Group as being part of the Parent Group.

The Performance Share Plan and Restricted Stock Plan award fully-paid shares to participants to achieve pre-determined targets that create and enhance economic values for shareholders of the Company, or to accomplish time-based service conditions. Awards will be released to participants as fully-paid shares, or their equivalent cash value or combinations thereof, free-of-charge provided that the conditions of the awards are achieved and subject to approval by the Committee.

Awards granted under the Performance Share Plan are released at the end of the performance period only when the pre-determined targets have been achieved. There are no vesting periods beyond the performance achievement periods. Awards granted under the Restricted Stock Plan vest only after satisfactory completion of time-based service conditions, or where the award is performance related, after a further period of service beyond the performance target completion date. No minimum vesting period is prescribed under the Restricted Stock Plan and the length of the vesting period in respect of each award will be determined on a case-by-case basis. Performance-based restricted awards differ from awards granted under the Performance Share Plan in that an extended vesting period is imposed beyond the performance target completion date.

The Share Plans are intended to attract, retain and incentivise participants to higher standards of performance and encourage greater dedication and loyalty by enabling the Company to give recognition to past contributions and services; as well as motivating participants to contribute to the long-term prosperity of the Group.

Other information regarding the Share Option Plan is as follows:

- (i) The exercise price of the options can be set at a discount to the market price not exceeding 20% of the market price in respect of options granted at the time of grant.
- (ii) The options can be exercised 12 months after the grant for market price options and 24 months for discounted options. Further vesting period for the exercise of the options may be set.
- (iii) The options granted expire after 5 years for non-executive directors, associates' employees and 10 years for the employees of Group and Parent Group.

Directors' Report

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Share Options

(a) SembCorp Industries Share Option Plan

At the end of the financial year, details of the options granted under the Share Option Plan on unissued shares of \$0.25 each of the Company are as follows:

SembCorp Industries Ltd

Ordinary shares of \$0.25 each

Date of grant of options	Exercise price per share	Options outstanding at 1/1/2003	Options granted	Options exercised	Options		Options outstanding at 31/12/2003	Number of options holders/ (including directors) at 31/12/2003	Exercise period
					cancelled/ lapsed/ not accepted	Options outstanding			
21/4/1998	\$1.294	2,156,106	-	-	(2,156,106)	-	-	-	22/4/2000 to 20/4/2003
12/5/1998	\$1.172	741,745	-	(334,682)	(407,063)	-	-	-	13/5/2000 to 11/5/2003
19/5/1999	\$2.260	497,968	-	-	(91,779)	406,189	35 (-)	-	20/5/2001 to 19/5/2004
15/9/1999	\$2.120	14,000	-	-	-	14,000	1 (-)	-	16/9/2001 to 15/9/2004
26/6/2000	\$1.990	734,000	-	-	-	734,000	17 (5)	-	27/6/2001 to 26/6/2005
26/6/2000	\$1.990	11,300,600	-	-	(826,700)	10,473,900	862 (2)	-	27/6/2001 to 26/6/2010
24/7/2000	\$2.260	6,810,220	-	-	(389,736)	6,420,484	344 (2)	-	20/5/2001 to 19/5/2009
24/7/2000	\$2.120	204,455	-	-	-	204,455	17 (-)	-	16/9/2001 to 15/9/2009
19/4/2001	\$1.550	777,000	-	-	-	777,000	14 (7)	-	20/4/2002 to 19/4/2006
19/4/2001	\$1.550	13,494,200	-	-	(873,200)	12,621,000	1,518 (1)	-	20/4/2002 to 19/4/2011
7/5/2002	\$1.590	405,000	-	-	-	405,000	14 (7)	-	8/5/2003 to 7/5/2007
7/5/2002	\$1.590	7,881,500	-	-	(276,000)	7,605,500	1,747 (1)	-	8/5/2003 to 7/5/2012
17/10/2002	\$0.980	361,000	-	(1,000)	-	360,000	15 (7)	-	18/10/2003 to 17/10/2007
17/10/2002	\$0.980	7,593,000	-	(513,375)	(247,500)	6,832,125	1,390 (1)	-	18/10/2003 to 17/10/2012
2/6/2003	\$1.140	-	381,500	-	(2,000)	379,500	19 (8)	-	3/6/2004 to 2/6/2008
2/6/2003	\$1.140	-	9,434,000	(4,500)	(1,682,500)	7,747,000	1,740 (1)	-	3/6/2004 to 2/6/2013
18/11/2003	\$1.290	-	418,500	-	(39,000)	379,500	19 (9)	-	19/11/2004 to 18/11/2008
18/11/2003	\$1.290	-	8,958,500	-	(1,371,500)	7,587,000	1,748 (1)	-	19/11/2004 to 18/11/2013
		52,970,794	19,192,500	(853,557)	(8,363,084)	62,946,653			

The fair values of options granted at the date of the grant estimated using the Black-Scholes Option-pricing model are as follows:

Date of grant	Number of share options granted	Exercise price	Fair value of options at date of grant
2/6/2003	9,815,500	\$1.14	\$0.307
18/11/2003	9,377,000	\$1.29	\$0.321

Directors' Report

Year ended December 31, 2003

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Share Options *(continued)*

(a) SembCorp Industries Share Option Plan *(continued)*

The details of options of the Company granted during the year and awarded/exercised since commencement of the Scheme (aggregate) to December 31, 2003 were as follows:

Option Participants	Options granted during the year	Aggregate options granted	Aggregate options		
			cancelled/lapsed/not accepted	Aggregate options exercised	Aggregate options outstanding
Directors of the Company					
Peter Seah Lim Huat	140,000	560,000	–	–	560,000
Wong Kok Siew	800,000	3,600,000	(500,000)	–	3,100,000
Tay Siew Choon	50,000	2,129,578	(979,578)	–	1,150,000
Lua Cheng Eng	140,000	490,000	–	–	490,000
K Shanmugam	70,000	280,000	–	–	280,000
Tetsuro Kawakami	35,000	140,000	–	–	140,000
Goh Geok Ling	50,000	180,000	–	–	180,000
Richard Hale OBE	70,000	210,000	–	–	210,000
S Iswaran	25,000	25,000	–	–	25,000
Yong Ying-l	35,000	35,000	(35,000)	–	–
Dr Vichit Suraphongchai	17,500	17,500	–	–	17,500
Other Executives					
Group	17,667,500	111,017,644	(47,766,905)	(7,262,586)	55,988,153
Parent Group	75,000	341,000	(12,500)	–	328,500
Former Directors of the Company					
	17,500	617,500	(140,000)	–	477,500
	19,192,500	119,643,222	(49,433,983)	(7,262,586)	62,946,653

Since the commencement of the Share Option Plan, no options have been granted to the controlling shareholders of the Company or their associates. No participant under the Share Option Plan has been granted 5% or more of the total options available. No options have been offered at a discount.

The options granted by the Company do not entitle the holders of the options, by virtue of such holdings, to any right to participate in any share issue of any company.

(b) Share Options of the Subsidiaries

As at year-end, the details of share options of the subsidiaries are as follows:

SembCorp Logistics Ltd

Ordinary shares of \$0.25 each

Date of grant of options	Exercise price per share	Options outstanding at 1/1/2003	Options granted	Options exercised	Options cancelled/lapsed/ not accepted	Options outstanding at 31/12/2003	Number of options holders/ (including number of SCI directors)		Exercise period
12/4/1999	\$0.99	209,000	–	(69,000)	–	140,000	7 (–)		13/4/2000 to 12/9/2009
3/9/1999	\$1.4375	520,000	–	–	–	520,000	1 (–)		4/9/2000 to 3/9/2009
6/3/2000	\$2.2625	6,416,000	–	–	(1,268,000)	5,148,000	90 (–)		7/3/2001 to 6/3/2010
28/6/2000	\$2.5038	7,321,480	–	–	(2,085,680)	5,235,800	682 (1)		29/6/2001 to 28/6/2010
15/5/2001	\$1.8375	6,362,120	–	(377,600)	(735,480)	5,249,040	694 (1)		16/5/2002 to 15/5/2011
18/10/2001	\$1.49	763,000	–	(120,000)	(55,000)	588,000	25 (–)		18/10/2002 to 17/10/2011
27/2/2002	\$2.01	7,579,000	–	–	(716,100)	6,862,900	984 (1)		28/2/2003 to 27/2/2012
27/9/2002	\$1.60	1,119,000	–	(88,750)	(71,000)	959,250	52 (–)		27/9/2003 to 26/9/2012
6/2/2003	\$1.50	–	8,305,500	(290,000)	(387,600)	7,627,900	1,066 (1)		6/2/2004 to 5/2/2013
21/4/2003	\$1.83	–	400,000	–	–	400,000	1 (–)		22/4/2004 to 21/4/2013
19/8/2003	\$1.70	–	1,084,000	–	–	1,084,000	59 (–)		19/8/2004 to 18/8/2013
		30,289,600	9,789,500	(945,350)	(5,318,860)	33,814,890			

Directors' Report

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Share Options (continued)

(b) Share Options of the Subsidiaries (continued)

SembCorp Marine Ltd

Ordinary shares of \$0.10 each

Date of grant of options	Exercise price per share	Options outstanding at 1/1/2003	Options			Options outstanding at 31/12/2003	Number of options holders/ (including SCI directors) number of	Exercise period
			Options granted	Options exercised	cancelled/ lapsed/ not accepted			
27/4/1998	\$0.79	1,380,000	–	(1,250,000)	(130,000)	–	–	27/4/2000 to 26/4/2003
10/3/1999	\$0.65	494,000	–	(90,000)	–	404,000	17 (–)	10/3/2001 to 9/3/2004
8/9/2000	\$0.70	11,000,000	–	(2,372,000)	(105,000)	8,523,000	718 (2)	8/9/2001 to 7/9/2010
27/9/2001	\$0.66	12,370,000	–	(1,962,000)	(190,000)	10,218,000	872 (2)	28/9/2002 to 27/9/2011
7/11/2002	\$0.90	15,601,000	–	(53,000)	(349,000)	15,199,000	1,064 (2)	8/11/2003 to 7/11/2012
8/8/2003	\$0.99	–	15,619,000	(2,000)	(167,000)	15,450,000	1,092 (2)	9/8/2004 to 8/8/2013
		40,845,000	15,619,000	(5,729,000)	(941,000)	49,794,000		

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options as at the end of the financial year.

The fair values of options granted at the date of the grant estimated using the Black-Scholes Option-pricing model are as follows:

Date of grant	Number of share options granted	Exercise price	Fair value of options at date of grant
SembCorp Logistics Ltd			
6/2/2003	8,305,500	\$1.50	\$0.425
21/4/2003	400,000	\$1.83	\$0.375
19/8/2003	1,084,000	\$1.70	\$0.408
SembCorp Marine Ltd			
8/8/2003	15,619,000	\$0.99	\$0.20

(c) Proforma Financial Effect under United States Financial Accounting Standard No. 123

Strictly for information purposes only, the proforma consolidated profit after taxation and minority interests and the earnings per share would have been as follows had the Company accounted for the fair value of the options granted under United States Financial Accounting Standard No. 123:

	2003 \$'000
Profit after taxation and minority interests:	
– As reported	285,135
– Proforma	275,321
Earnings per share (in cents):	
– As reported	15.66
– Proforma	15.12
Diluted earnings per share (in cents):	
– As reported	15.64
– Proforma	15.10

These proforma amounts may not be representative of future disclosures as the estimated fair value of share options are only determined in respect of options granted since the financial year ended December 31, 2000 and which is amortised over the vesting period.

Performance Share Plan

Under the Performance Share Plan, the awards granted conditional on performance targets are set based on medium-term corporate objectives at the start of each rolling three-year performance qualifying period. The final number of shares given will depend on the level of achievement of these targets over the three-year performance period. A specific number of performance shares shall be released by the Committee to the recipient at the end of the performance period provided the minimum level of targets achieved is not less than 80% of the targets set.

Recipients who do not meet at least 80% of the targets set at the end of the performance period will not be granted the performance shares. If the achievement of the targets exceeds 100%, more performance shares than the original award could be delivered up to a maximum of 200% of the original award.

The details of performance shares of the Company awarded during the year since commencement of the Performance Plan (aggregate) were as follows:

	Conditional shares awarded during the year	Aggregate conditional shares awarded	Aggregate conditional shares lapsed	Aggregate conditional shares outstanding
Performance shares participants				
Director of the Company				
Wong Kok Siew	400,000	1,380,000	280,000	1,100,000
Key Executives of the Group	530,000	1,870,000	660,000	1,210,000
	930,000	3,250,000	940,000	2,310,000

The total number of performance shares in awards granted conditionally and representing 100% of targets achieved, but not released as at end 2003, was 2,310,000. Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 4,620,000 performance shares.

In accordance with the accounting policy of the Group, during the current financial year, the Group has provided \$1,394,000 (2002 : \$333,000) in respect of performance shares based on the market values of the shares at reporting date.

Restricted Stock Plan

In 2002, Wong Kok Siew, a key executive and also an executive director of the Board, was awarded 1,000,000 shares under the Restricted Plan which will be vested over a period of 5 years. The award of 200,000 restricted stocks will be vested and issued to him annually from 2002. An award of 200,000 restricted stocks were vested and issued to him during the year via the purchase of existing shares at \$1.37 per share. The remaining restricted stocks not issued as at December 31, 2003 is 600,000.

The maximum number of performance shares and restricted stock which could be delivered, when aggregated with the number of new shares issued and issuable in respect of all options granted, is within the 15% limit of the share capital of the Company on the day preceding the relevant date of the grant.

Audit Committee

The members of the Audit Committee during the year and at the date of this report are:

Lua Cheng Eng (Chairman)

K Shanmugam

Richard Hale OBE

The Audit Committee has held 6 meetings since the last directors' report. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee performs the functions specified in Section 201B of the Companies Act, the Listing Manual of the Singapore Exchange, and the Code of Corporate Governance.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange).

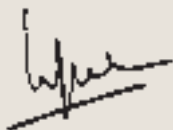
The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

Auditors

The auditors, KPMG, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors



Peter Seah Lim Huat

Chairman



Wong Kok Siew

Deputy Chairman & CEO

Singapore
February 11, 2004