

2004

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A N N U A L  
R E P O R T



**GuocoLand Limited** (Reg. No. 197600660W)  
A Member of the Hong Leong Group Malaysia

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# Corporate Information

## Board of Directors

Sat Pal Khattar, Chairman  
Quek Chee Hoon, Chief Executive Officer  
Quek Leng Chan  
Kwek Leng Hai  
Lum Choong Wah  
Goh Yong Hong  
Reggie Thein

## Audit Committee

Reggie Thein, Chairman  
Lum Choong Wah  
Goh Yong Hong

## Nominating Committee

Sat Pal Khattar, Chairman  
Kwek Leng Hai  
Lum Choong Wah

## Remuneration Committee

Sat Pal Khattar, Chairman  
Quek Leng Chan  
Reggie Thein

## Company Secretary

Dawn Pamela Lum

## Registered Office

20 Collyer Quay #02-02  
Tung Centre, Singapore 049319  
Tel : (65) 6535 6455  
Telefax : (65) 6532 6196  
Registration No: 197600660W

## Website

<http://www.guocoland.com.sg>

## Auditors

KPMG  
Certified Public Accountants  
Partner-in-charge : Danny Teoh  
(with effect from FY ended June 2003)  
Practising Register No : 647

## Registrar

B.A.C.S Private Limited  
63 Cantonment Road, Singapore 089758

## Bankers

Arab Bank plc  
Bumiputra-Commerce Bank Berhad  
Citibank N.A.  
Malayan Banking Berhad  
Oversea-Chinese Banking Corporation Limited  
RHB Bank Berhad  
The Agricultural Bank of China  
The Hongkong and Shanghai Banking Corporation Limited  
Southern Bank Berhad  
United Overseas Bank Limited

## Stock Exchange Listing

Singapore Exchange Securities Trading Limited

## Date of Incorporation

31 March 1976

## Date of Conversion to a Public Company

30 September 1978



## Year in Review

**Mr Sat Pal Khattar**

Chairman of **GuocoLand Limited**, discusses the year in review.

# Chairman's Statement

## A Look At The Year In Review

At the beginning of the Group's financial year ended 30 June 2004 (the "Year"), Singapore was still in the grip of a pervasive climate of economic uncertainty as dark clouds from the previous year were still evident, even though the severe acute respiratory syndrome (SARS) outbreak had been contained. In the wake of a weak global market, job security concerns arose from the Government's proposed implementation of CPF reforms and a flexi-wage system and general belt-tightening. Hikes in bank mortgage rates in August 2003 had in turn also affected overall demand for private properties, which is our main business.

During the course of the Year however, the Singapore economy and the business environment gradually improved. A sustained upturn in the developed economies together with a strengthening in global IT demand underpinned an all round recovery in business and economic activity in Singapore. Supported by brighter economic prospects worldwide, Singapore's growth gained pace and expanded by an annualised quarter-on-quarter basis of a robust 16% and 11% in the first and second quarters of the Year respectively.

Although market indicators began pointing towards a more positive outlook as the Year progressed, sentiment in the private residential market did not appear to match this. As CPF cuts have the greatest impact on the upgraders' segment of the market, buying interest was sporadic as potential homebuyers took time to re-evaluate their affordability in the face of a large supply. Demand remained generally weak with new home sales of 5,156 units in 2003, compared with 9,485 units in 2002, according to figures from the Urban Redevelopment Authority.

In view of the tepid response amid a soft market with plentiful stock and record unemployment, residential property prices declined 2% for the whole of 2003.

## Group Performance And Business Review

Against this milieu, the Group performed reasonably, posting profits after tax of S\$120.0 million for the 12 month-period ended 30th June 2004. This figure represents an increase of 27% compared with the figure of S\$94.2 million in the previous financial year ended 30 June 2003. Group turnover was S\$300.1 million, which was 18% less than the previous year.

A significant portion of the Group's earnings for the Year was attributable to profits derived from the disposal in June 2004 of the Group's entire 34.50% interest in London-based Benchmark Group PLC ("Benchmark"), which had been an associate since 1996. The disposal was part of the Group's efforts to rationalise investments by crystallising value from existing investments. The sale proceeds of £107.4 million (equivalent to S\$333.4 million) resulted in a profit contribution of approximately S\$70.4 million. Whilst income from this erstwhile associate ceased on its sale, the substantial improvement of the Group's equity debt ratio augurs well for the Group as a whole.

During the Year, the Group also continued with its efforts in focusing on its core business of property development and investment activities in Singapore and China. The Group expects better returns from its capital allocation to these geographical centres in future.

## Singapore: Residential Properties

The Group presently has 8 launched developments in Singapore. *The Gardens at Bishan* and *Bishan Point* are in suburban areas, while *Sanctuary Green* and *Le Crescendo* are located closer to the city centre. *Leonie Studio*, *Nathan Place*, *The Ladyhill* and *The Boulevard Residence* are in prime residential enclaves. The Group has a 40% interest in the latter two developments which are in upmarket areas.

In terms of sales, units at *The Gardens at Bishan* recorded encouraging take-up rates especially at the end of 2003 and in early 2004. To date, the Group has achieved total sales of 94% for this development.

Riding on an expected turnaround in 2004 and firmer signs of an economic pick-up, the Group took the opportunity to release *Nathan Place* in December 2003. Located in prime district 10, sales of this freehold development have been robust, with 80% of the available units sold.

In line with its strategy of strengthening its core business of property development and investment, the Group has been trying to increase its landbank during the Year. In June 2004, the Group signed a conditional collective sale and purchase agreement to acquire Greenacres Condominium, which consists of a 13,245 square metres site. Subject to obtaining planning approval and completion, the Group will redevelop this freehold development at West Coast Road into a residential development of up to 5 storeys with a baseline plot ratio of 1.505 yielding about 20,594 square metres of saleable area.

## Chairman's Statement

Meanwhile, the Group's remaining landbank located in Paterson Road and Meyer Road currently comprises approximately 21,426 saleable square metres, which can yield about 176 new residential units. The Group intends to further replenish its landbank by bidding for attractive sites to ensure continuity. Prior to making acquisitions, the Group reviews and evaluates new developments to ensure financial viability. Whilst we cannot be risk averse, we also do not bid for land on the basis of futuristic prices with its attendant uncertainties.

### Singapore: Investment Properties

Singapore's office rental fell by 10.5% in 2003 with vacancy rates at 17.9%. The prime office market has however begun to see some improvement and moderation since the last quarter of 2003. Office rentals fell 1.5% in the last 3 months of 2003, compared to 3.6% in the preceding 3 months. The slide in rentals has also slowed down in 2004 with a fall of 0.5% in the first quarter of 2004.

The Group has two investment properties in the heart of the Central Business District. Despite the prevailing difficult business environment, *Tung Centre* is almost fully tenanted to a mix of local and international clientele, including international banks whilst *Robinson Centre* has an occupancy rate of almost 50%, following the departure of an anchor tenant who had earlier occupied the whole building.

### China

The world's sixth largest economy posted an economic growth of 9.1% for 2003 after having grown by 9.9% in the last quarter of 2003. In 2004, China's economy grew a strong 9.8% and 9.6% in the first and second quarters, notwithstanding the implementation of stabilisation measures to moderate investment growth.

In China, the Group's wholly-owned subsidiary, Guoco Properties Limited ("GPL"), continued its property development and management activities in the major gateway cities of Beijing and Shanghai. In Beijing, GPL holds a 75% interest in *Corporate Square*, a Grade A office building located along busy Financial Street in the Xicheng District. *Corporate Square* is presently 70.2% sold, with 17% of its total available office space leased out. It is the Group's intention to sell the balance of this development over time.

In an effort to further expand the Group's presence in Beijing, GPL in April 2004 signed a conditional Share Acquisition Agreement to acquire a 98% interest in Jiang Sheng Property Development Co Ltd, which owns the development rights to a 36,517 square metres land parcel in the *Feng Sheng* area district. Slated primarily for residential development, the site is within the Second Ring Road West and is a short drive away from the capital's Financial Street.

In Shanghai, there is still strong demand for well-located premier developments. Strategically located in the up-market Luwan District, the Group's exclusive 262-unit *Central Park* has generated a healthy interest among buyers. With construction work on schedule, sales permits for all three blocks in the development have been obtained. The Group is working towards launching sales of the whole development. All indications are that we will do well from this development.

### Malaysia

The Group has identified Malaysia as an important country for property development in view of its good potential for growth and investment opportunities. Having registered a GDP growth of 5.3% in 2003, Malaysia's economy recorded a 7.6% growth in the first quarter of 2004, the fastest growth in more than 3 years. Its economy subsequently grew at 8% in the 3 months to June 2004 according to a Bank Negara Malaysia press release. The US\$103 billion economy is expected to meet or even surpass the government's official forecast, ranging between 6% and 6.5% for 2004.

In building up its presence in the Malaysian market, the Group in March 2004 acquired from associated interests a 39.58% interest in Hong Leong Properties Berhad ("HLPB"), a property group listed on the Main Board of Bursa Malaysia Securities Berhad. In consideration for the HLPB shares, GLL issued 61.6 million new GLL ordinary shares. With the Group's on-going market purchases of HLPB shares, it has now become a 41.82% associate of the Group.

The principal activities of the HLPB group include investment holding, property development and investment, hotel operations, trading in securities and provision of management services. Its property portfolio comprises residential and commercial assets primarily in Kuala Lumpur. The HLPB group also operates two hotels in Malaysia, *Hyatt Regency Johor Bahru* and *Guoman Port Dickson*, and another hotel, *Guoman Hanoi*, in Vietnam.

## Other Financial Highlights

In view of the enlarged share capital arising from the issue of GLL shares for the HLPB acquisition and the conversion of 98.8 million non-redeemable convertible cumulative preference shares during the Year, the Group's net asset value per ordinary share decreased from S\$1.52 as at 30 June 2003 to S\$1.44 as at 30 June 2004. Earnings per ordinary share however rose from 19.91 cents as at 30 June 2003 to 19.95 cents as at 30 June 2004. The Group reduced its borrowings net of cash and deposits from S\$916.0 million in the preceding financial year to S\$717.9 million in the Year. This excludes the cash proceeds of S\$333.4 million from the sale of the Group's stake in Benchmark which were received shortly after the financial year ended 30 June 2004.

## Corporate Exercise

In July 2004, the Group undertook a share buyback exercise by way of an on-market purchase of 10 million ordinary shares in the Company. As at 15 September 2004, the share capital of the Company is 665,523,653 issued ordinary shares of S\$1.00 each.

## A Look At The Year Ahead

On the back of a more buoyant external environment and continuing economic recovery in Singapore and in the other principal markets we operate, global business sentiments generally have improved significantly. Following a 10% growth in the first half of 2004, Singapore's export-driven economy has rebounded. Barring any new circumstances, the official full-year growth forecast for 2004 has now been further revised upwards for a third time to between 8% and 9%, from earlier estimates of between 3.5% and 5.5%.

In the private residential market, the official estimated price index stayed flat in the second quarter of 2004 compared with the first quarter, following 18 months of decline. Market analysts have observed that this may indicate that the private property market has stabilised and is on the verge of a recovery. Meanwhile following a rise of 5.9 points in the price index for resale HDB flats in 2003, a continued increase in resale flat prices should also have a positive effect for the private property market. Buying interest for private property is likely to improve. The Group will concentrate on this segment of the market.

The Group recognises that there are still existing economic concerns on Singapore's economic front. Areas such as on-going job insecurity, increased fuel costs, interest rate hikes in USA, the unsettling Iraqi situation, as well as the lingering threat of terrorism, may directly or indirectly impact on the Singapore economy and affect buying sentiment in relation to residential properties in Singapore. The Group is aware that reasonably priced projects and the availability of units in attractive locations will continue to determine the demand for private housing. The Group will maintain its competitive pricing strategy of developing affordable units in a very competitive environment.

The Group is focused on enhancing and strengthening its presence in its core business centres of Singapore, China and Malaysia. The Group will build upon its existing businesses and strive to deliver sustainable and attractive returns to shareholders. In addition to its embedded property operations in these centres, the Group will continue to look for other real estate opportunities such as property fund management to enhance the Group's earnings.

## Dividends

The Company has always sought to deliver superior returns to its shareholders. In this context it has consistently for the past 10 years declared attractive dividends. The Group is pleased to recommend a first and final dividend of 8% or 8 cents per ordinary share less Singapore tax for the Year. Subject to approval by shareholders at the Annual General Meeting to be convened on 29 October 2004, this dividend will be paid to shareholders on 1 December 2004.

## A Note of Thanks

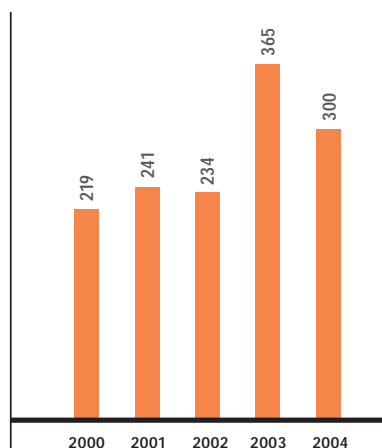
I would like to again express my sincere thanks to the Board of Directors for their wise counsel and direction throughout the Year. I particularly value the small but dedicated management and staff team for their hard work and commitment. Last but not least, I must acknowledge the unfailing and continued support of all our shareholders, customers and bankers, whose confidence in the Group we greatly appreciate.

**Sat Pal Khattar**

15 September 2004

# Financial Highlights

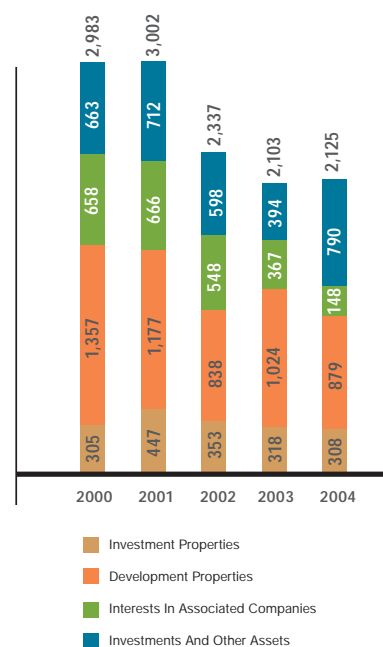
Group Revenue (\$ million)



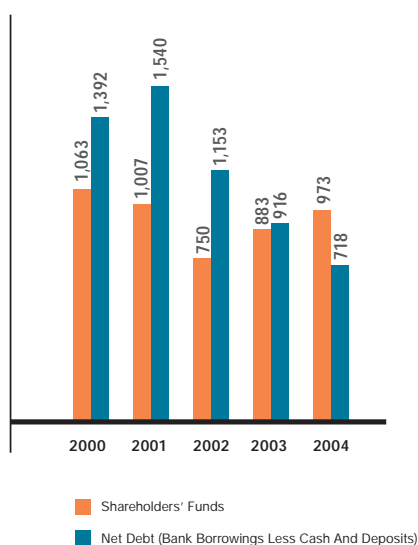
Profit Performance (\$ million)



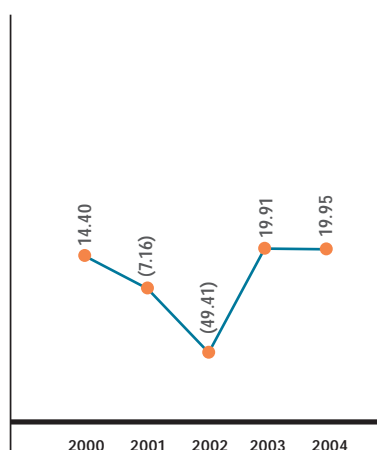
Group Total Assets (\$ million)



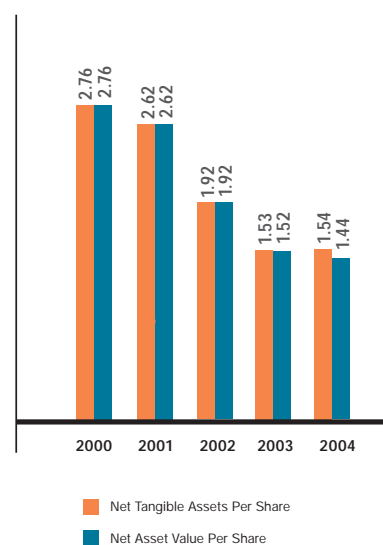
Shareholders' Funds And Net Debt (\$ million)



Earnings Per Share (cents)



Net Tangible Assets Per Share And Net Asset Value Per Share (\$)





Year Ended 30 June	2004 S\$'000	2003 S\$'000	2002 S\$'000	2001 S\$'000	2000 S\$'000
<b>Profit &amp; Loss Accounts</b>					
Revenue by Business Segments					
Property Development	283,221	338,111	192,327	175,559	158,154
Property Investment	13,353	16,465	18,324	16,482	20,206
Insurance	-	-	13,305	13,442	14,895
Equity Investment	527	4,641	11,355	23,617	1,574
Other Operations	2,960	5,637	(1,181)	12,343	24,438
Total	300,061	364,854	234,130	241,443	219,267
Profit/(Loss) Before Taxation	116,005	117,100	(171,616)	(3,843)	79,672
Profit/(Loss) After Taxation and Minority Interests	120,015	94,205	(179,925)	(24,194)	55,056
Dividends (Ordinary)	43,234	38,141	15,863	13,919	19,228
<b>Balance Sheets</b>					
Investment Properties	308,000	318,000	353,000	446,600	305,170
Development Properties	878,650	1,024,262	838,159	1,176,913	1,356,917
Interests in Associated Companies	147,947	366,920	547,766	666,237	658,246
Investments and Other Assets	790,202	394,101	597,927	712,060	662,504
Total Assets	2,124,799	2,103,283	2,336,852	3,001,810	2,982,837
Bank Borrowings	(980,612)	(1,055,697)	(1,404,022)	(1,742,476)	(1,619,313)
Other Liabilities	(129,753)	(125,082)	(156,669)	(210,638)	(254,724)
Total Liabilities	(1,110,365)	(1,180,779)	(1,560,691)	(1,953,114)	(1,874,037)
Minority Interests	(41,852)	(39,882)	(26,394)	(42,074)	(46,204)
<b>Net Assets</b>	<b>972,582</b>	<b>882,622</b>	<b>749,767</b>	<b>1,006,622</b>	<b>1,062,596</b>
Share Capital	675,524	516,137	369,162	369,126	368,955
Reserves	297,058	366,485	380,605	637,496	693,641
<b>Share Capital &amp; Reserves</b>	<b>972,582</b>	<b>882,622</b>	<b>749,767</b>	<b>1,006,622</b>	<b>1,062,596</b>
<b>Ratios</b>					
Net Tangible Assets Per Share (S\$)	1.54	1.53	1.92	2.62	2.76
Net Asset Value Per Share (S\$)	1.44	1.52	1.92	2.62	2.76
Earnings Per Share (cents)	19.95	19.91	(49.41)	(7.16)	14.40
Gross Ordinary Dividend Rate (cents)	8	8	5	5	7

Note: Only 2001 comparative figures have been restated to conform with requirements arising from the adoption of new/revised accounting standards in 2002.

# *Corporate Governance Statement*

"Corporate governance refers to the processes and structure by which the business and affairs of the Company are directed and managed in order to enhance long term shareholder value through enhancing corporate performance and accountability, whilst taking into account the interests of other shareholders. Good corporate governance therefore embodies both enterprise (performance) and accountability (conformance)."

*- Corporate Governance Committee*

The Company continues to be committed to high standards of corporate governance. The Company's corporate governance practices and guidelines relating to dealings in securities by its directors and officers, which are documented in the Company's own code of corporate governance, are substantially in line with the principles of the Singapore Code of Corporate Governance ("Code") and the Best Practices Guide issued by the Singapore Exchange Securities Trading Limited ("SGX-ST").

The following sections describe the corporate governance practices adopted by the Company.

## **(a) board matters**

### **Board's Conduct Of Its Affairs**

The role and responsibilities of the Board include setting the overall business strategy and direction of the Company and the Group.

The Board also reviews and approves key strategic and financial initiatives, the business plan and budget, quarterly, interim and annual results, and major investments and divestments.

The Board meets at least on a quarterly basis to review inter alia the Company's quarterly results. The Board held five physical meetings during the last financial year, and intends to hold at least four meetings in the current financial year. As provided in the Company's Articles of Association, directors may convene Board meetings by teleconferencing or videoconferencing.

New directors are apprised of the business activities of the Group and its strategic directions. All directors are provided with relevant information on the Company's policies, procedures and practices relating to governance issues, including disclosure of interests in securities, dealings in the Company's securities, restrictions on disclosure of price sensitive information and disclosure of interests relating to property transactions. Directors are also updated regularly on key regulatory and accounting changes and receive relevant training where necessary.

### Board Composition And Balance

The Board currently comprises seven well-qualified members who are business leaders and professionals with financial, banking and legal backgrounds. Although the Company's Articles of Association provide for a maximum of twelve directors, the Board considers its present size to be appropriate for the current nature and scope of the Group's operations. Profiles of the directors are set out on pages 12 and 13. The majority of the directors (five out of seven) are non-executive and are considered independent.

### Chairman And Chief Executive Officer

The respective roles of the Chairman and Chief Executive Officer ("CEO") are held separately by Messrs Sat Pal Khattar and Quek Chee Hoon. As the Chairman is a non-executive director, the Company Secretary assists the Chairman to schedule and prepare agendas for Board meetings. These are reviewed by the CEO and then approved by the Chairman. The CEO ensures the quality and timeliness of information flow between the Board and Management, which comprises key executive personnel of the Company.

### Board Membership

The Nominating Committee recommends all Board appointments. As prescribed by the Company's Articles of Association and recommended by the Code, one-third of the directors for the time being are required to retire from office and are subject to re-election by shareholders at the Company's Annual General Meeting.

### Board Performance

The Board had carried out a self-evaluation to assess the effectiveness of the Board as a whole on the basis of the performance criteria set by the Nominating Committee. The assessment had taken into account the attendance and contributions of members at meetings of the Board and Board Committees and members' participation in the

affairs of the Company, including a review of matters such as the independence of directors, their individual skills and experience as well as overall Board size and composition. The results of this assessment had been communicated to the Nominating Committee, which had concurred with the process of assessment.

### Access To Information

Directors have separate and independent access to Management and the Company Secretary, whose role includes inter alia ensuring that Board procedures as well as applicable rules and regulations are complied with. The Company Secretary attends all Board and Board Committee meetings. Management keeps the Board apprised of the Company's operations and performance through regular updates and reports as well as through separate meetings and discussions. Directors may take independent professional advice at the Company's expense, if necessary.

### Board Committees

To assist the Board in executing its duties, the Board has delegated specific functions to the following Board committees:

1. **Executive Committee:** The Executive Committee is entrusted with the conduct of the Company's business and affairs, in line with the overall strategy set by the Board. The members of the Executive Committee are the CEO and Messrs Quek Leng Chan (who is the Chairman of this Committee) and Kwek Leng Hai, and certain key senior management personnel. The Executive Committee meets regularly, on an average of once a month.

## Corporate Governance Statement

2. **Audit Committee:** The members of the Audit Committee comprise Messrs Reggie Thein (who is the Chairman of this Committee), Lum Choong Wah and Goh Yong Hong, all of whom are non-executive directors and are considered independent. As part of the Company's corporate governance practices, the CEO will attend all Audit Committee meetings, which were held five times during the last financial year. The Audit Committee intends to meet at least four times in the current financial year.
3. **Executives' Share Option Scheme ("ESOS") Committee:** The ESOS Committee assists the Board in administering the ESOS. The ESOS Committee comprises Mr Sat Pal Khattar, a non-executive director and Mr Quek Leng Chan, an executive director.
4. **Nominating Committee:** This committee comprises three directors, two of whom are considered to be independent. Mr Sat Pal Khattar chairs the Nominating Committee and the other members are Messrs Kwek Leng Hai and Lum Choong Wah. This committee which meets at least annually, held one meeting in the last financial year, and has a meeting scheduled in the current financial year.
5. **Remuneration Committee:** This committee comprises two non-executive independent directors and an executive non-independent director. Mr Sat Pal Khattar chairs the Remuneration Committee and the other members are Messrs Quek Leng Chan and Reggie Thein. The Remuneration Committee which meets at least annually, held one meeting in the last financial year, and intends to hold one meeting in the current financial year.

### (b) remuneration matters

The Remuneration Committee, in consultation with the Executive Committee, reviews and recommends to the Board a framework of remuneration for the Board and key executives.

Non-executive directors do not receive any salary. However, non-executive directors together with executive directors receive directors' fees that are based on corporate and individual responsibilities and which are in line with industry norm. The fees for the seven directors for the last financial year amounted in the aggregate to S\$307,500 and is subject to the approval of shareholders.

The remuneration package comprising mainly salaries and bonuses, for the executive directors (including the CEO) and the top four key executives who may also be the directors of the Company's subsidiaries, are disclosed in bands of S\$250,000 so as to maintain confidentiality of staff remuneration matters. This information is contained in Note 25b to the Financial Statement.

The Company does not have any employees who are the immediate family members of any of the directors or the CEO and whose remuneration exceeded S\$150,000 during the last financial year.

### (c) accountability and audit

#### Audit Committee and Internal Controls

The terms of reference of the Audit Committee are set out in the Company's own code of corporate governance.

In performing its functions, the Audit Committee undertook, inter alia, the following:-

- reviewing the Group's quarterly, interim and final financial statements prior to submission to the Board;
- meeting with the Company's external and internal auditors, in the absence of Management;
- reviewing the independence of the Company's external auditors;

- ensuring that a review of the effectiveness of the Company's material internal controls (including financial, operational and compliance controls, and risk management) was conducted;
- noting or reviewing interested person transactions; and
- reviewing all non-audit services provided by the external auditors of the Company and confirming that such non-audit services do not affect the independence of the external auditors.

The Company has an internal audit team comprising qualified personnel, which assists the Audit Committee in discharging its responsibilities. This ensures that Management maintains a sound system of internal controls, to safeguard shareholders' investments and the assets of the Company.

To assist the Board in inter alia, identifying, assessing and managing the significant business risks faced by the Group within its operating environment, a risk management framework has been developed. Significant business risks faced by the Group are identified and the appropriate internal controls to mitigate such risks are monitored within this framework.

The internal mitigating controls under the risk management framework may not eliminate all risks of failure but these control mechanisms seek to provide a reasonable assurance against material misstatement of management and financial information and against fraud.

Having regard to the reviews carried out by the Audit Committee and internal auditor, the Board believes that the system of internal controls maintained by Management together with the ongoing process of identifying, assessing and managing significant risks faced by the Group, should meet the needs of the Company in its current business environment.

### (d) internal and external communication

Internally, Management presents the Board with reports of and updates on the Company's performance, financial position and prospects for review at each Board meeting.

The Company ensures timely and adequate disclosure of information on matters of material impact to shareholders. Shareholders are provided with information on the Company's financial performance, position and prospects through MASNET announcements and through the Company's annual reports, press releases to the SGX-ST and the Company's website at <http://www.guocoland.com.sg>

Shareholders are given opportunities to participate at the Company's general meetings. The Board and Management are present at these meetings to address any questions that shareholders may have. The Company's external auditors are also present at the Company's annual general meetings to assist the Board in addressing any queries raised by shareholders.

### Dealings in Securities

The Company has in accordance with the guidelines in the Best Practices Guide, adopted its own Code to provide guidance to the Company's officers in relation to dealings in securities. These guidelines set out, inter alia, that officers should refrain from dealing in any securities of the Company when in possession of unpublished price-sensitive information in relation to those securities, and during the Company's close periods which is defined as two weeks immediately preceding the announcement of the Company's quarterly or half-yearly or annual results, as the case may be, up to and including the date of announcement of the relevant results. These guidelines have been disseminated to all directors, officers and key employees of the Group.

## *Board of Directors*

**Mr Sat Pal Khattar** was appointed to the Board in 1988. He has been the Chairman of the Group since 1990 and was last re-elected at the Company's Annual General Meeting in November 2003. Mr Khattar is the Chairman of the Nominating Committee and Remuneration Committee which were established in September 2002. Mr Khattar is also a Director of other listed companies such as Haw Par Corporation Limited in Singapore and Guoco Group Limited in Hong Kong, and a Consultant in Messrs Khattar Wong and Partners. Mr Khattar holds a LLM degree and a LLB (Hons) degree from the University of Singapore.

Mr Khattar chaired all the Board, Nominating Committee and Remuneration Committee meetings of the Company held during the financial year ended 30 June 2004.

**Mr Quek Chee Hoon** was appointed to the Board in 1998, and is proposed for re-election at the Company's Annual General Meeting in October 2004. He is the Chief Executive Officer of the Group. Mr Quek has extensive experience in various investment, corporate and management activities, including projects in infrastructure and property-related activities and businesses. Mr Quek holds a Bachelor of Accountancy degree from the University of Singapore.

Mr Quek attended all the Board and Executive Committee meetings of the Company held during the financial year ended 30 June 2004. He also attended four of the five Audit Committee meetings held during the financial year ended 30 June 2004 in his capacity as the Chief Executive Officer of the Company.

**Mr Quek Leng Chan** was appointed to the Board in 1988, and was last re-elected at the Company's Annual General Meeting in November 2003. He is the Chairman of the Executive Committee and a member of the Remuneration Committee. Mr Quek is the Executive Chairman of the Hong Leong Group Malaysia and he sits on the Boards of its major public listed companies. He is also the Executive Chairman of Guoco Group Limited, the Company's intermediate holding company in Hong Kong. Mr Quek qualified as a Barrister-at-Law from Middle Temple, United Kingdom and has extensive business experience in various business sectors, including financial services, manufacturing and real estate.

Mr Quek attended all the Board, Executive Committee and Remuneration Committee meetings of the Company held during the financial year ended 30 June 2004.

**Mr Kwek Leng Hai** was appointed to the Board in 1988, and is proposed for re-election at the Company's Annual General Meeting in October 2004. He is a member of the Nominating Committee. Mr Kwek is the President and Chief Executive Officer of Guoco Group Limited in Hong Kong. Mr Kwek is a qualified chartered accountant of the Institute of Chartered Accountants in England and Wales, and has extensive experience in financial services, manufacturing and property investment.

Mr Kwek attended all the Board, Executive Committee and Nominating Committee meetings of the Company held during the financial year ended 30 June 2004.



CENTRAL PARK



**Mr Lum Choong Wah** was appointed to the Board in 1997 and was last re-elected at the Company's Annual General Meeting in November 2003. He is a member of the Audit Committee and Nominating Committee. Mr Lum has held senior executive and chief executive positions in both the public and private sectors spanning some 25 years. He is also a director of Greatronic Limited. He holds a Bachelor of Arts (Hons) degree from the University of Malaya in Singapore and a Master of Public Administration from Harvard University.

Mr Lum attended all the Board, Audit Committee and Nominating Committee meetings of the Company held during the financial year ended 30 June 2004.

**Mr Goh Yong Hong** was appointed to the Board in 1999, and is proposed for re-election at the Company's Annual General Meeting in October 2004. Mr Goh is a member of the Audit Committee. He had served 31 years in the Singapore Police Force, being Commissioner of Police from 1979 until his retirement from service in 1992. His other appointments include being Chairman of the Board of Advisors of Raffles Town Club, Director of Asia Pacific Breweries Limited, Asia Pacific Breweries (S) Pte Ltd, Dragon Land Limited and SC Global Developments Ltd. Mr Goh holds a Bachelor of Law (Hons) degree from the University of Malaya in Singapore (1961).

Mr Goh attended four of the five Board meetings and four of the five Audit Committee meetings of the Company held during the financial year ended 30 June 2004.

**Mr Reggie Thein** was appointed to the Board in July 2002, and was last re-elected at the Company's Annual General Meeting in November 2002. He is Chairman of the Audit Committee and a member of the Remuneration Committee. He retired as a Senior Partner, Coopers & Lybrand Singapore, the legacy firm of PricewaterhouseCoopers in 1999 after having spent 37 years with the firm. Mr Thein is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Institute of Certified Public Accountants of Singapore. He is also a member of the governing council of the Singapore Institute of Directors and is active in promoting and advancing the practice of corporate governance in Singapore. Mr Thein was awarded the Public Service Medal by the President of Singapore in 1999. He is currently a director of several listed companies in Singapore which include BIL International Limited, F J Benjamin Holdings Ltd, Grand Banks Yachts Limited, Goodwood Park Hotel Limited, Haw Par Corporation Limited, Keppel Telecommunications & Transportation Limited, MFS Technology Ltd, MobileOne Ltd and Lindeteves-Jacoberg Limited.

Mr Thein attended all the Board and Remuneration Committee meetings and chaired all the Audit Committee meetings of the Company held during the financial year ended 30 June 2004.



FENG SHENG SITE

## *Senior Management Team*

**Mrs Trina Loh** is the General Manager of the Group's Singapore Property Division. She joined the Group in 1999. Mrs Loh has 22 years' experience in various aspects of the real estate business, particularly in Singapore, United Kingdom and New Zealand. Mrs Loh was a Colombo Plan Scholar and holds a Bachelor of Property Administration degree from the University of Auckland, New Zealand.

**Ms Violet Lee** is the General Manager of the Group's China Property Division. She joined the Group in 2000. Ms Lee has a total of 20 years' working experience, spanning business development, marketing and management of various projects, including real estate-related projects in China. Ms Lee holds a Bachelor of Accountancy degree from the National University of Singapore.

**Mr Jerry Lee** is the Group Financial Controller. He has been with the Group since 1996. Mr Lee has 25 years of working experience and held various positions in management, business development, corporate finance, corporate treasury, accounting and banking. Mr Lee holds a Bachelor of Accountancy degree from the University of Singapore, a Master of Business Administration degree from the Australian Graduate School of Management, University of New South Wales and a Master Degree in Applied Finance from Macquarie University.

**Mrs Dawn Pamela Lum** is the Group Company Secretary. She has been with the Group since 1987. Mrs Lum has a total of 28 years of working experience and has assumed key functions in the corporate and management team of the Company. Mrs Lum holds a LLB (Hons) degree from the University of Singapore. She was admitted to the Rolls of the Supreme Court of Singapore as an advocate and solicitor in 1977.

FENG SHENG NIGHT VIEW



BISHAN POINT





A faint, light gray floor plan of a house is visible in the background. The plan includes labels for various rooms: MASTER BEDROOM, BATH, W.C., A/C LEDGE, YARD, UTILITY, KITCHEN, BEDROOM 3, STORE, FAMILY, LIVING DINING, BATH 2, BATH 3, BEDROOM 2, BEDROOM 1, and PLANTER BOX. The title 'Operations Review' is overlaid in a large, blue, serif font.

# *Operations Review*



# SINGAPORE

## *Residential Developments*

The Group presently has 8 launched projects in the market.

*The Gardens at Bishan and Bishan Point* are two 99-year leasehold developments situated in the suburbs.

The remaining 6 launched developments, comprising a mix of leasehold and freehold tenures are located nearer the city centre. These include *Sanctuary Green, Le Crescendo, Nathan Place, Leonie Studio, The Ladyhill* and *The Boulevard Residence*.

Two other development projects have yet to be launched.



### *The Gardens at Bishan*

This European-garden themed development comprises 4 blocks of 20-storey units, with each block named after the 4 seasons. As the Temporary Occupation Permit for phase 2 of the development was issued in July 2004, all 756 units are available for immediate occupancy.

*The Gardens at Bishan* is well located at the junction of Sin Ming Walk and Sin Ming Avenue, thus giving easy access to the Bishan MRT station and the Central Expressway.

Premier educational institutions such as Ai Tong School, Raffles Institution and Catholic High School are within close vicinity.

With charming gazebos, statues and water fountains found within its three-tier gardens, residents can enjoy the majesty and grandeur of a European garden right at their doorsteps.



## Bishan Point

living a lifestyle of contentment

### *Bishan Point*

Adjacent to *The Gardens at Bishan* is *Bishan Point* at Bright Hill Drive offering a contemporary architecture and landscape. This condominium development of 164 units has refined finishes and fittings designed with the modern resident in mind. Unit configuration sizes range from 2 bedrooms (84 square metres) to 4 bedrooms (140 square metres). There are also 4 penthouse units within the single 32-storey high block.

*Bishan Point* is in the proximity of prestigious schools, with Ai Tong School right next door. Convenient amenities such as Junction 8 and Thomson Plaza shopping malls are also within the vicinity of this modern development.







### *Le Crescendo*

This freehold development at Paya Lebar Road consists of 228 units in a 20-storey block. Each lobby only serves 3 or 4 units, thus ensuring privacy to residents. Most units face a north-south direction with living rooms providing views overlooking the pool and open space. Wide bay windows in the bedrooms also help supply refreshing light and ventilation to the units.

*Le Crescendo* is served by an efficient transportation system and is within walking distance to the proposed Upper Paya Lebar and MacPherson MRT stations. When completed, the new Kallang-Paya Lebar Expressway will link residents to all parts of the island quickly and with ease.





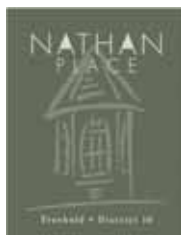
### *Sanctuary Green*

Available for immediate occupation, *Sanctuary Green* comprises a 522-unit leasehold development nestled within the vicinity of Tanjong Rhu. A sense of tranquillity, well-being and relaxation within the living confines of this lavish resort-style development provides a haven for those seeking refuge from the city buzz. Nearby convenient amenities

enable residents to relax at the attractive East Coast Park or to enjoy alfresco dining at the Stadium Waterfront's entertainment hub just a short stroll away. As night falls, the lights of the city's skyline offer a magical touch to the evening for family and friends.







### *Nathan Place*

Launched in December 2003, 80% of *Nathan Place* is sold. This freehold development at Nathan Road is located within the vicinity of Chatsworth Road, the home to various international embassies.

A fully restored conservation Victorian style bungalow housing 1 out of the 46 residential units provides a focal point for the development. Added to the refined ambience of this distinctive bungalow, are two surrounding 5-storey blocks that comprise the remaining 45 units. These units offer a choice of 17 unique layouts and come with scaled windows as well as open balconies or private roof terraces.





### *Leonie Studio*

Perched at the top of Leonie Hill is *Leonie Studio*, a prime district 9 development which will comprise 97 elegant units. In addition to a spacious balcony and a full glass curtain wall to each master bedroom, there will also be a sky terrace garden with a panoramic vista within the 32-storey tower block.

As *Leonie Studio* is located on the fringe of the Orchard Road shopping and entertainment belt, this condominium development offers all the convenience and excitement of city living and night life.





# THE LADYHILL

## *The Ladyhill*

This freehold development is built on an approximately 1 hectare site in prime Lady Hill Road. Available for immediate occupation, *The Ladyhill* offers its 55 residences the comforts of a home through the selective blending of

a refined landscape design and the calm aesthetics of its architecture. Simple clean lines, natural light and a sense of space in and around each luxurious unit add to the relaxed ambience of the development.





### *The Boulevard Residence*

*The Boulevard Residence* at 6 Cuscaden Walk is a 36-storey tower consisting of 42 units of high level apartments and 4 penthouses, two of which come with their own private swimming pools and roof terraces. With a 3-storey high entrance drop-off lobby, the apartment units start from level 6, which have living rooms facing either a north or south direction. This contemporary development is also designed with 2 levels of sky terraces, comprising a fitness area, viewing lounge, gardens and open spaces. The Temporary Occupation Permit of *The Boulevard Residence* is targeted to be issued in early 2005.

### *Paterson Road Site*

Building plan approval for this freehold 7,774.7 square metres *Paterson Road* site has been obtained for the proposed construction of a 24-storey residential development at the junction of Paterson Road and Paterson Hill.

### *Meyer Road Site*

The *Meyer Road* site comprises approximately 3,351.8 square metres of freehold land in the eastern part of Singapore. Provisional permission has been obtained for a proposed 22-storey residential development. Residents will be able to enjoy convenient access to all parts of the island via the nearby East Coast Parkway and the future Old Airport Road MRT station.

## Singapore: Investment Properties

In the office market, the Group currently has two prime office buildings in the Central Business District.

### Tung Centre

*Tung Centre*, a 24-storey building at Raffles Place is located in the heart of the Central Business District and within walking distance to the Raffles Place MRT station. Offering sea views of the sparkling Marina Bay just across the road, *Tung Centre* is the Group's flagship office building, housing the Company's Corporate Office. Despite the uncertain business climate, *Tung Centre* maintained an encouraging average take-up rate of 95% during the Year.

### Robinson Centre

Located at Robinson Road, *Robinson Centre* is a 20-storey building situated within the business district and contains the offices of the Group's Property Division. With a total area of about 130,000 square feet, the building is designed with high ceilings and offers column-free offices, giving flexibility in space planning. *Robinson Centre* is within reasonable walking vicinity to the Tanjong Pagar MRT Station and the Raffles Place MRT Interchange.

TUNG CENTRE



## Singapore: Property-related Services

GuocoLand Property Management Pte Ltd (GLPM) is the Group's wholly-owned subsidiary which undertakes property management, marketing and maintenance services for the Group's Singapore residential developments and investment properties. In May 2004, GLPM was conferred the Building and Construction Authority (BCA) Awards For Construction Excellence 2004 as the Project Manager of *The Ladyhill* under the "Residential Buildings - \$1000/m2 & above" category. With about 14 years of experience in property-related services, GLPM continues to provide the Group with its invaluable expertise and know-how.

Meanwhile, MyHome Online Pte Ltd ("MyHome") which operates the Group's internet portal, [www.myhome.com.sg](http://www.myhome.com.sg), has become the Group's wholly-owned subsidiary, following the Group's acquisition of the remaining 40% of its paid-up capital in November 2003. MyHome seeks to provide purchasers with regular updates on the progress of their development projects with the Group. A wide array of online services such as booking of appointments for collection of keys when homeowners first take vacant possession of their units and booking of estate facilities, are provided for the convenience of homeowners.

ROBINSON CENTRE





The background of the page is a detailed architectural floor plan. It features various rooms and structural elements, with dimensions and labels in blue ink. A large, diagonal ruler is placed across the center of the page, and a pen lies horizontally across the lower middle section. The text is overlaid on this background.

## *Overseas Investments*

*The Group's overseas investments are currently focused in China and Malaysia. The Group also has existing investments in the industrial and residential real estate sectors in India.*



# CHINA

The Group's investments in China are currently in Beijing and Shanghai.



FENG SHENG DAY VIEW

## Beijing

The Group holds a 75% interest in *Corporate Square*. This is a prime 17-storey office building strategically located at Financial Street, in the heart of the capital city's emerging financial Xicheng district. *Corporate Square* has an aggregate of 95,757 square metres of available office space and is presently 70.2% sold and 17% leased to a mix of international and local tenants.

Another of the Group's investment in Beijing is the *Feng Sheng site*. Comprising a land area of approximately 36,517 square metres, the *Feng Sheng site* is well-located within the capital's Second Ring Road West, close to Xi Chang An Jie and Fu Xing Men Nei Da Jie. Subject to the approval of the Beijing Planning Bureau, the Group intends to build a residential development on the *Feng Sheng site* with a gross saleable area of about 108,137 square metres.





CENTRAL PARK

## *Shanghai*

*Central Park* is currently in the midst of construction. This exclusive development consists of 3 blocks, two of which are 28 storeys high and a 15-storey building. The sales permits of all 3 blocks have been obtained.

The 262-unit condominium is in the prime Luwan District of Shanghai, within close proximity to the upmarket shopping belt of Huai Hai Middle Road.



# MALAYSIA

The Group has acquired a substantial stake in a major property group, Hong Leong Properties Berhad ("HLPB"). The HLPB group has a wide spectrum of both commercial and residential properties in its property portfolio.





MENARA HLA

*Menara HLA*, a soaring 32-storey office block is strategically located within the Kuala Lumpur ("KL") Golden Triangle, the city's central business district, and practically next door to the capital's most famous landmark, the KL City Center ("KLCC"). Convenient amenities such as the nearby LRT and Monorail stations ensure easy access and connections to and from the city centre. Also within the vicinity is *Bangunan Hong Leong*, a 17-storey office tower located in one of the busiest, most visited areas in downtown KL city, right at the heart of its central business and banking district.



HP TOWERS

Away from the busy city and nestled at Damansara Heights is *HP Towers*, (formerly known as *Wisma Semantan*). The office tower is well-architected with a 21-storey main building, a 3-storey connecting podium and a 9-storey annex. A great advantage of *HP Towers* is its central location at Damansara Heights, right between KL and Petaling Jaya, making it easy to travel for business meetings in either the capital or its satellite town.

Besides commercial buildings, the HLPB group also owns the freehold exclusive residences, *3 KiaPeng*. *3 KiaPeng* is sited right next to KLCC and is a home of unquestionable prestige. Residents can enjoy the excitement of city living and the tranquillity of the beautifully landscaped KLCC Park.

# FINANCIAL CONTENTS

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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 30 June 2004.

## DIRECTORS

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

Sat Pal Khattar  
Quek Chee Hoon  
Quek Leng Chan  
Kwek Leng Hai  
Lum Choong Wah  
Goh Yong Hong  
Reggie Thein

## 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 (including those held by their spouses and infant children) in shares and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:-

	Shareholdings in which Directors have a Direct Interest		Shareholdings in which Directors are Deemed to have an Interest	
	As at 1 July 2003	As at 30 June 2004	As at 1 July 2003	As at 30 June 2004
<b>The Company</b>	<b>Ordinary Shares of S\$1.00 each fully paid</b>			
Sat Pal Khattar	2,500,000	5,000,000	4,493,635	5,392,362
Quek Chee Hoon	2,802,271	5,862,725	Nil	Nil
Quek Leng Chan	13,947,687	14,047,224	316,563,884	458,785,229
Kwek Leng Hai	10,042,617	18,851,140	Nil	Nil
	<b>7% Non-Redeemable Convertible Cumulative Preference Shares (NCCPS 2004) of S\$0.01 each fully paid*</b>			
Quek Chee Hoon	500,000	Nil	Nil	Nil
Quek Leng Chan	53,833	Nil	Nil	Nil
	<b>4.5% Non-Redeemable Convertible Cumulative Preference Shares (NCCPS 2005) of S\$0.01 each fully paid</b>			
Sat Pal Khattar	2,500,000	Nil	898,727	Nil
Quek Chee Hoon	2,560,454	Nil	Nil	Nil
Quek Leng Chan	45,704	Nil	79,776,096	Nil
Kwek Leng Hai	8,808,523	Nil	Nil	Nil
	<b>Options to subscribe for Ordinary Shares of S\$1.00 each</b>			
Quek Chee Hoon	2,000,000	2,000,000	Nil	Nil

\* The NCCPS 2004 were automatically converted to ordinary shares of the Company on 9 February 2004, being the mandatory conversion date.

## Directors' Report

for the year ended 30 June 2004

### DIRECTORS' INTERESTS (cont'd)

	Shareholdings in which Directors have a Direct Interest		Shareholdings in which Directors are Deemed to have an Interest	
	As at 1 July 2003	As at 30 June 2004	As at 1 July 2003	As at 30 June 2004
<b>Intermediate Holding Company</b>				
<b>Guoco Group Limited</b>				
	<b>Ordinary Shares of US\$0.50 each fully paid</b>			
Sat Pal Khattar	631,125	691,125	Nil	Nil
Quek Leng Chan	1,056,325	1,656,325	139,636,177	218,168,884
Kwek Leng Hai	2,220,775	2,820,775	Nil	Nil

#### Options to subscribe for Ordinary Shares of US\$0.50 each

Sat Pal Khattar	60,000	Nil	Nil	Nil
Quek Leng Chan	600,000	Nil	Nil	Nil
Kwek Leng Hai	600,000	Nil	Nil	Nil

	Shareholdings in which Directors have a Direct Interest		Shareholdings in which Directors are Deemed to have an Interest	
	As at 6 April 2004*	As at 30 June 2004	As at 6 April 2004*	As at 30 June 2004

### Ultimate Holding Company Hong Leong Company (Malaysia) Berhad

#### Ordinary Shares of RM0.50 each fully paid

Quek Leng Chan	390,000	390,000	7,487,100	7,487,100
Kwek Leng Hai	400,500	400,500	Nil	Nil

\* Hong Leong Company (Malaysia) Berhad became the ultimate holding company on 6 April 2004.

	Shareholdings in which Directors have a Direct Interest		Shareholdings in which Directors are Deemed to have an Interest	
Nominal Value per share	Ordinary shares or *New shares to be issued arising from the exercise of warrants/options/irredeemable convertible unsecured loan stocks			
	As at 1 July 2003	As at 30 June 2004	As at 1 July 2003	As at 30 June 2004

### Interests of Quek Leng Chan in Related Corporations

Hong Leong Fund Management Sdn Bhd	RM1.00	Nil♦	Nil	1,400,000♦	1,400,000
MEHY Sdn Bhd	RM1.00	Nil♦	Nil	650,000♦	650,000
First Changi Development Pte Ltd	S\$1.00	Nil	Nil	40,002,075	40,002,075



**DIRECTORS' INTERESTS (cont'd)**

		Shareholdings in which Directors have a Direct Interest		Shareholdings in which Directors are Deemed to have an Interest		
		Nominal Value per share	Ordinary shares or *New shares to be issued arising from the exercise of warrants/options/irredeemable convertible unsecured loan stocks			
			As at	As at	As at	As at
			1 July 2003	30 June 2004	1 July 2003	30 June 2004
<b>Interests of Quek Leng Chan in Related Corporations</b>						
First Garden Development Pte Ltd	S\$1.00	Nil	Nil	72,000,000	72,000,000	
Melville Park Development Pte Ltd	S\$1.00	Nil	Nil	57,840,000	57,840,000	
Sanctuary Land Pte Ltd	S\$1.00	Nil	Nil	54,000,000	54,000,000	
Beijing Minghua Property Development Co., Ltd	^	Nil	Nil	150,000,000	150,000,000	
Shanghai Xinhaozhong Property Development Co., Ltd	#	Nil	Nil	19,600,000	19,600,000	
Lam Soon (Hong Kong) Limited	HK\$1.00	Nil <sup>∞</sup>	Nil	140,008,659 <sup>∞</sup>	140,008,659	
Kwok Wah Hong Flour Company Limited	HK\$100.00	Nil <sup>∞</sup>	Nil	9,800 <sup>∞</sup>	9,800	
LS Golden Oils & Fats Limited	HK\$1.00	Nil <sup>∞</sup>	Nil	185,000,000 <sup>∞</sup>	185,000,000	
M.C. Packaging Offshore Limited	HK\$0.01	Nil <sup>∞</sup>	Nil	471,793 <sup>∞</sup>	471,793	
Lam Soon Ball Yamamura Inc	NT\$10.00	Nil <sup>∞</sup>	Nil	23,725,995 <sup>∞</sup>	23,725,995	
Guangzhou Lam Soon Food Products Limited	Ω	Nil <sup>∞</sup>	Nil	6,570,000 <sup>∞</sup>	6,570,000	
Shekou Lam Soon Silo Company Limited	#	Nil <sup>∞</sup>	Nil	8,464,500 <sup>∞</sup>	8,464,500	
Shenzhen Lam Soon Edible Oils Company Limited	#	Nil <sup>∞</sup>	Nil	11,400,000 <sup>∞</sup>	11,400,000	
Hong Leong Credit Berhad	RM1.00	10,887,600♦ 159,000*	11,046,600 Nil	830,111,754♦ Nil	813,823,554 Nil	

## Directors' Report

for the year ended 30 June 2004

### DIRECTORS' INTERESTS (cont'd)

	Nominal Value per share	Shareholdings in which Directors have a Direct Interest		Shareholdings in which Directors are Deemed to have an Interest	
		Ordinary shares or *New shares to be issued arising from the exercise of warrants/options/irredeemable convertible unsecured loan stocks			
		As at 1 July 2003	As at 30 June 2004	As at 1 July 2003	As at 30 June 2004
Interests of Quek Leng Chan in Related Corporations					
HLG Capital Berhad	RM1.00	Nil♦	Nil	92,590,545♦	92,590,545
Hong Leong Bank Berhad	RM1.00	40,000♦	40,000	960,801,500♦	951,573,500
Hong Leong Industries Berhad	RM0.50	1,268,000♦ 40,000*	1,268,000 40,000*	130,571,000♦ 39,439,435*	130,134,500 39,440,435*
Hong Leong Yamaha Distributors Sdn Bhd	RM1.00	Nil♦	Nil	10,360,000♦	10,360,000
Hong Leong Yamaha Motor Sdn Bhd	RM1.00	Nil♦	Nil	17,352,872♦	17,352,872
Guocera Tile Industries (Meru) Sdn Bhd	RM1.00	Nil♦	Nil	17,920,000♦	19,600,000
Hong Leong Maruken Sdn Bhd (In members' voluntary liquidation)	RM1.00	Nil♦	Nil	1,750,000♦	1,750,000
Guocera Tile Industries (Labuan) Sdn Bhd	RM1.00	Nil♦	Nil	6,545,001♦	6,545,001
Varinet Sdn Bhd (In members' voluntary liquidation)	RM1.00	Nil♦	Nil	9,600,000♦	10,560,627
RZA Logistics Sdn Bhd	RM1.00	Nil♦	Nil	9,195,270♦	9,195,270
Malaysian Pacific Industries Berhad	RM0.50	53,500♦	53,500	122,939,009♦	113,977,609
Carter Realty Sdn Bhd	RM1.00	Nil♦	Nil	7♦	7
Carsem (M) Sdn Bhd	RM1.00 RM100.00	Nil♦	Nil	84,000,000♦ 22,400♦ (Redeemable Preference Shares)	84,000,000 22,400 (Redeemable Preference Shares)

**DIRECTORS' INTERESTS (cont'd)**

		Shareholdings in which Directors have a Direct Interest		Shareholdings in which Directors are Deemed to have an Interest		
		Nominal Value per share	Ordinary shares or *New shares to be issued arising from the exercise of warrants/options/irredeemable convertible unsecured loan stocks			
			As at		As at	
			1 July 2003	30 June 2004	1 July 2003	30 June 2004
<b>Interests of Quek Leng Chan in Related Corporations</b>						
Guolene Packaging Industries Berhad	RM1.00	Nil <sup>♦</sup>	Nil	69,886,350 <sup>♦</sup>	69,920,528	
Guolene Plastic Films Sdn Bhd	RM1.00	Nil <sup>♦</sup>	Nil	9,350,002 <sup>♦</sup>	9,350,002	
Hume Industries (Malaysia) Berhad	RM1.00	34,000 <sup>♦</sup>	4,034,000	111,328,294 <sup>♦</sup>	115,605,894	
Hume Furniture Industries Sdn Bhd	RM1.00	Nil <sup>♦</sup>	Nil	11,880,000 <sup>♦</sup>	13,200,000	
Narra Industries Berhad	RM1.00	8,231,400 <sup>♦</sup>	8,170,200	42,710,000 <sup>♦</sup>	38,304,000	
<b>Interests of Kwek Leng Hai in Related Corporations</b>						
Hong Leong Industries Berhad	RM0.50	163,200 <sup>♦</sup> 52,112 <sup>*</sup>	163,200 52,112 <sup>*</sup>	Nil Nil	Nil Nil	
Hong Leong Credit Berhad	RM1.00	756,000 <sup>♦</sup> 160,800 <sup>*</sup>	756,000 160,800 <sup>*</sup>	Nil Nil	Nil Nil	
HLG Capital Berhad	RM1.00	500,000 <sup>♦</sup>	500,000	Nil	Nil	
Hong Leong Bank Berhad	RM1.00	3,955,700 <sup>♦</sup>	3,955,700	Nil	Nil	
Lam Soon (Hong Kong) Limited	HK\$1.00	2,300,000 <sup>∞</sup>	2,300,000	Nil	Nil	

♦ Shareholding as at 6 April 2004 as the corporation became a related corporation.

∞ Shareholding as at 23 April 2004 as the corporation became a related corporation.

Ω Capital contribution in HK\$.

# Capital contribution in USD.

^ Capital contribution in RMB.

By virtue of Section 7 of the Act, Mr Quek Leng Chan is deemed to have an interest in all of Hong Leong Company (Malaysia) Berhad's direct and indirect interests in its subsidiaries and associated companies, at the beginning and at the end of the financial year.

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 or at the end of the financial year.

## DIRECTORS' INTERESTS (cont'd)

There were no changes in any of the above-mentioned interests in the Company between the end of the financial year and 21 July 2004.

Except as disclosed under "Share Options" 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.

Transactions entered into by the Company and/or its related corporations with connected or related parties in which certain of the directors are deemed to have an interest comprised deposits, lease of properties and payments for professional, financial and management services. All such transactions were carried out in the normal course of business of the Group and on commercial terms.

Except as disclosed in this report and in Notes 22, 23, 25 and 31 to the financial statements, 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.

## SHARE OPTIONS

### 1. The GuocoLand Limited Executives' Share Option Scheme

- a. The GuocoLand Limited Executives' Share Option Scheme ("the Scheme") was approved and adopted by the members of the Company at an Extraordinary General Meeting held on 31 December 1998. The Scheme was further approved by The Stock Exchange of Hong Kong Limited and the shareholders of Guoco Group Limited, the intermediate holding company of the Company, at an Extraordinary General Meeting held on 1 February 1999.
- b. The Scheme is administered by a Committee of Directors comprising Mr Sat Pal Khattar and Mr Quek Leng Chan who were not participants in the Scheme during the financial year.
- c. During the financial year, no additional Options were granted pursuant to the Scheme.
- d. There were no Shares issued during the financial year by virtue of the exercise of the Options.
- e. As at the end of the financial year, the status of the Options was as follows:-

Name of Participants	Options Granted during Financial Year under Review	Aggregate Options Granted since Commencement of Scheme to End of Financial Year under Review	Aggregate Options Exercised/ Lapsed since Commencement of Scheme to End of Financial Year under Review	Aggregate Options Outstanding as at End of Financial Year under Review
Executive Director, Quek Chee Hoon	-	2,000,000	-	2,000,000
Other Executives	-	3,380,000	1,940,000 (lapsed)	1,440,000
<b>Total</b>	<b>-</b>	<b>5,380,000</b>	<b>1,940,000 (lapsed)</b>	<b>3,440,000</b>



## SHARE OPTIONS (cont'd)

### 1. The GuocoLand Limited Executives' Share Option Scheme (cont'd)

#### f. Statutory information regarding the above Options is as follows:-

i. The exercise price of the Options is \$2.28 per Share and the date of expiration of the Options is 26 April 2009 unless any such Option is cancelled or has lapsed.

#### ii. Options may be exercised under the following conditions:-

- after the first anniversary of the date of grant of Options to executives who have been employed for at least one year as at the date of grant of Options;
- after the second anniversary of the date of grant of Options to executives who have been employed for less than one year as at the date of grant of Options;

and in every case not later than the tenth anniversary of the date of grant of Options.

iii. The persons to whom the Options have been granted do not have the right to participate, by virtue of the Options, in a share issue of any other company.

g. Since the commencement of the Scheme, no Options have been granted to controlling shareholders of the Company and their associates or parent group employees. No participant under the Scheme has been granted 5% or more of the total Options available under the Scheme.

h. None of the Options which were offered since the commencement of the Scheme was granted at a discount.

### 2. Non-Redeemable Convertible Cumulative Preference Shares

a. On 9 February 1999, the Company issued 87,900,892 7% Non-Redeemable Convertible Cumulative Preference Shares ("NCCPS 2004") which are convertible into ordinary shares of the Company based on one ordinary share for every one NCCPS 2004 held.

During the financial year under review, the Company issued 1,190,140 ordinary shares to the holders of the NCCPS 2004 upon the conversion of 1,190,140 NCCPS 2004. On 9 February 2004, the mandatory conversion date of the NCCPS 2004, all the 2,687,021 outstanding NCCPS 2004 were automatically converted into ordinary shares of the Company.

b. On 29 November 2002, the Company issued 101,671,676 4.5% Non-Redeemable Convertible Cumulative Preference Shares ("NCCPS 2005") which are convertible into ordinary shares of the Company based on one ordinary share for every one NCCPS 2005 held. Any outstanding NCCPS 2005 on 29 November 2005 will be automatically converted into ordinary shares of the Company.

During the financial year under review, the Company issued 94,898,250 ordinary shares to the holders of the NCCPS 2005 upon the conversion of 94,898,250 NCCPS 2005. As at 30 June 2004, there are 123,815 outstanding NCCPS 2005.

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

## **AUDIT COMMITTEE**

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

Reggie Thein, Chairman  
Lum Choong Wah  
Goh Yong Hong

The Audit Committee held four 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 also reviewed the following:-

- assistance provided by the Company's officers to the internal and external auditors;
- financial statements of the Group and of 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 Securities Trading Limited).

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 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.

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

On behalf of the Board of Directors

**SAT PAL KHATTAR**  
Director

**QUEK CHEE HOON**  
Director

Singapore  
20 August 2004

## Statement by Directors

for the year ended 30 June 2004

In our opinion:-

- a. the financial statements set out on pages 43 to 86 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2004 and the results, changes in equity and cash flows of the Group and the statement of changes in equity of the Company for the year ended on that date; and
- b. at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

**SAT PAL KHATTAR**

Director

**QUEK CHEE HOON**

Director

Singapore

20 August 2004

## Report of the Auditors

to the Members of GuocoLand Limited

We have audited the accompanying financial statements of GuocoLand Limited for the year ended 30 June 2004 as set out on pages 43 to 86. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion:

- (a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2004 and of the results, changes in equity and cash flows of the Group and of the changes in equity of the Company for the year ended on that date; and
- (b) the accounting and other records (excluding registers) required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

**KPMG**

Certified Public Accountants

Singapore

20 August 2004



## Balance Sheets

as at 30 June 2004

		Group		Company	
	Note	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
<b>Non-Current Assets</b>					
Plant and Equipment	3	1,846	1,865	-	-
Investment Properties	4	308,000	318,000	-	-
Interests in Subsidiaries	5	-	-	1,662,345	1,707,880
Interests in Associated Companies	6	145,606	365,338	10,511	10,767
Amounts due from Minority Shareholders of Subsidiaries	7	17,749	18,221	-	-
Investment Securities	8a	129,301	130,191	-	-
		<u>602,502</u>	<u>833,615</u>	<u>1,672,856</u>	<u>1,718,647</u>
<b>Current Assets</b>					
Development Properties	9	878,650	1,024,262	-	-
Trade and Other Receivables	10	371,795	90,740	986	452
Investment Securities	8b	9,167	15,000	-	-
Cash and Cash Equivalents	12	262,685	139,666	48,113	20,423
		<u>1,522,297</u>	<u>1,269,668</u>	<u>49,099</u>	<u>20,875</u>
<b>Less : Current Liabilities</b>					
Trade and Other Payables	13	82,722	60,210	7,149	6,113
Interest Bearing Loans and Borrowings – Current Portion	15	490,362	675,415	135,432	125,561
Current Tax Payable		23,820	36,685	20,529	24,357
Preference Dividend Payable		-	384	-	384
		<u>596,904</u>	<u>772,694</u>	<u>163,110</u>	<u>156,415</u>
<b>Net Current Assets/(Liabilities)</b>		<b>925,393</b>	<b>496,974</b>	<b>(114,011)</b>	<b>(135,540)</b>
<b>Less : Non-Current Liabilities</b>					
Amounts due to Subsidiaries	5	-	-	426,750	594,041
Amounts due to Minority Shareholders of Subsidiaries	7	11,629	12,107	-	-
Interest Bearing Loans and Borrowings	15	490,250	380,282	192,697	107,582
Deferred Tax Liabilities	19	11,582	15,696	-	-
		<u>513,461</u>	<u>408,085</u>	<u>619,447</u>	<u>701,623</u>
<b>Less : Minority Interests</b>		<b>41,852</b>	<b>39,882</b>	<b>-</b>	<b>-</b>
<b>Net Assets</b>		<b><u>972,582</u></b>	<b><u>882,622</u></b>	<b><u>939,398</u></b>	<b><u>881,484</u></b>
<b>Capital and Reserves</b>					
Share Capital	20	675,524	516,137	675,524	516,137
Reserves	21	297,058	366,485	263,874	365,347
		<u><b>972,582</b></u>	<u><b>882,622</b></u>	<u><b>939,398</b></u>	<u><b>881,484</b></u>

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

## Consolidated Profit and Loss Account

for the year ended 30 June 2004

		Group	
	Note	2004 \$'000	2003 \$'000
<b>Revenue</b>	22	300,061	364,854
Cost of sales		(255,851)	(338,460)
<b>Gross profit</b>		44,210	26,394
Other operating income	23	82,785	84,181
Administrative expenses		(8,779)	(6,908)
Other operating expenses	24	(18,612)	(684)
<b>Profit from operations</b>	25	99,604	102,983
Finance costs	26	(6,608)	(10,275)
Share of profit from associated companies		23,009	24,392
<b>Profit from ordinary activities before taxation</b>		116,005	117,100
Income tax	27	6,186	(18,662)
<b>Profit from ordinary activities after taxation</b>		122,191	98,438
Minority interests		(2,176)	(4,233)
<b>Net profit for the year</b>		<b>120,015</b>	<b>94,205</b>
<b>Earnings per ordinary share (cents)</b>	28		
Basic		19.95	19.91
Diluted		18.96	17.58

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

# Statements of Changes in Equity

for the year ended 30 June 2004

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
<b>Share Capital</b>				
At beginning of the year	516,137	369,162	516,137	369,162
Issue of 61,600,249 (2003 : 101,671,676) ordinary shares of \$1.00 each	61,600	101,672	61,600	101,672
Issue of 101,671,676 NCCPS 2005 of \$0.01 each	-	1,017	-	1,017
Issue of shares to holders of NCCPS 2004 who exercised their conversion rights and upon mandatory conversion of their preference shares	3,838	37,703	3,838	37,703
Issue of shares to holders of NCCPS 2005 who exercised their conversion rights	93,949	6,583	93,949	6,583
At end of the year	675,524	516,137	675,524	516,137
<b>Share Premium</b>				
At beginning of the year	247,891	192,267	247,891	192,267
Premium on issue of NCCPS 2005	-	100,654	-	100,654
Premium on issue of ordinary shares	11,088	-	11,088	-
Expenses incurred on rights issue of ordinary shares and NCCPS 2005	-	(744)	-	(744)
Issue of shares to holders of NCCPS 2004 who exercised their conversion rights and upon mandatory conversion of their preference shares	(3,838)	(37,703)	(3,838)	(37,703)
Issue of shares to holders of NCCPS 2005 who exercised their conversion rights	(93,949)	(6,583)	(93,949)	(6,583)
At end of the year	161,192	247,891	161,192	247,891
<b>Capital Reserve</b>				
At beginning of the year	13,764	13,538	1,300	1,300
Disposal of interest in:-				
- a subsidiary	-	226	-	-
- an associated company	(2,556)	-	-	-
At end of the year	11,208	13,764	1,300	1,300

## Statements of Changes in Equity

for the year ended 30 June 2004

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
<b>Exchange Translation Reserve</b>				
At beginning of the year	46,982	30,143	5,636	5,519
Disposal of interest in an associated company	(53,793)	-	-	-
Net translation differences on foreign subsidiaries, associated companies and foreign currency assets forming part of net investments in such entities	7,991	16,839	(4,562)	117
At end of the year	1,180	46,982	1,074	5,636
<b>Investment Revaluation Reserve</b>				
At beginning of the year	5,852	165,950	-	-
Net deficit arising from revaluation of investment properties of:-				
- subsidiaries	(10,000)	(35,000)	-	-
- associated companies	(3,538)	(104,366)	-	-
Transfer to profit and loss account upon disposal of investment properties by an associated company	(3,974)	(20,732)	-	-
Net revaluation deficit transferred to profit and loss account in respect of investment properties of:-				
- subsidiaries	9,120	-	-	-
- an associated company	3,220	-	-	-
At end of the year	680	5,852	-	-
<b>Capital Redemption Reserve</b>				
At beginning and end of the year	3,083	3,083	3,000	3,000
<b>Mark-to-market Reserve</b>				
At beginning of the year	(28,174)	(25,513)	-	-
Net unrealised gains/(losses) on:-				
- available-for-sale securities	(10,100)	(2,320)	-	-
- available-for-sale securities held by an associated company	506	(341)	-	-
At end of the year	(37,768)	(28,174)	-	-
<b>Unappropriated Profits</b>				
At beginning of the year	77,087	1,137	107,520	104,962
Net profit for the year	120,015	94,205	29,407	20,813
Dividends (see Note 29)	(39,619)	(18,255)	(39,619)	(18,255)
At end of the year	157,483	77,087	97,308	107,520
<b>Capital and Reserves</b>	972,582	882,622	939,398	881,484

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



## Consolidated Statement of Cash Flows

for the year ended 30 June 2004

	2004 \$'000	2003 \$'000
<b>Operating activities</b>		
Profit from ordinary activities before taxation	116,005	117,100
Adjustments for:-		
Depreciation of plant and equipment	810	766
Gain on disposal of plant and equipment	(10)	(154)
Share of profit from associated companies	(23,009)	(24,392)
Finance costs	6,608	10,275
Impairment loss on available-for-sale securities	3,850	-
Interest income	(3,869)	(5,613)
Dividend income	(2,451)	(4,010)
(Writeback of allowance)/Allowance for foreseeable losses on development properties (net)	(18,345)	14,307
Loss on dilution of interest in an associated company	25	-
Loss on liquidation of an associated company	6	-
Plant and equipment written off	148	2
Mark-to-market gain in respect of equity swap	(1,500)	(20,911)
Mark-to-market loss/(gain) on trading securities	4,417	(956)
Mark-to-market loss/(gain) on derivative financial instruments	413	(164)
Negative goodwill written off	-	(6,614)
Net revaluation deficit on investment properties	9,120	-
Gain on disposal of investments in subsidiaries	-	(27,698)
Gain on disposal of investment in an associated company	(70,440)	(24,653)
	(94,227)	(89,815)
Operating profit before working capital changes	21,778	27,285
Increase/(Decrease) in working capital:-		
Development properties	181,915	15,925
Trading securities	1,416	120,085
Trade and other receivables	50,155	(29,492)
Trade and other payables	21,944	(96)
Changes in working capital	255,430	106,422
Cash flow from operations	277,208	133,707
Income taxes paid	(10,764)	(529)
<b>Net cash from operating activities</b>	<b>266,444</b>	<b>133,178</b>

## Consolidated Statement of Cash Flows

for the year ended 30 June 2004

	2004 \$'000	2003 \$'000
<b>Investing activities</b>		
Proceeds from disposal of plant and equipment	33	214
Purchase of plant and equipment	(970)	(591)
Dividends received	2,451	4,010
Interests in associated companies	9,882	2,613
Balances with minority shareholders of subsidiaries	522	(779)
Purchase of available-for-sale securities	(15,594)	-
Settlement of equity swap	2,070	18,291
Inter-company balances	376	3,072
Related party balances	27	(20,151)
Acquisition of interest in subsidiaries	-	24,262
Acquisition of an amount due from a subsidiary	-	(134,490)
Net proceeds from disposal of interest in subsidiaries	-	62,120
Acquisition of interest in an associated company	(1,841)	(21,128)
Net proceeds from disposal of interest in an associated company	-	20,421
Proceeds from liquidation of an associated company	34	-
<b>Net cash used in investing activities</b>	<b>(3,010)</b>	<b>(42,136)</b>
<b>Financing activities</b>		
Dividends paid	(40,003)	(18,762)
Dividends paid to minority shareholder of a subsidiary	(472)	(832)
Interest paid	(28,839)	(42,390)
Interest received	4,069	5,709
Repayment of long-term loans	(160,653)	(222,452)
Net proceeds from/(Repayment of) short-term loans	30,550	(51,982)
Repayment of long-term bonds	-	(49,991)
Net proceeds from/(Repayment of) medium-term notes	55,082	(4,964)
Repayment of short-term notes	-	(20,000)
Net proceeds from rights issue	-	202,599
<b>Net cash used in financing activities</b>	<b>(140,266)</b>	<b>(203,065)</b>
Net increase/(decrease) in cash and cash equivalents	123,168	(112,023)
Cash and cash equivalents at beginning of the year	139,666	250,796
Exchange differences on translation of balances held in foreign currency	(149)	893
Cash and cash equivalents at end of the year (see Note 12)	<b>262,685</b>	<b>139,666</b>

### Notes on Non-Cash Transaction

During the financial year, the Group acquired a 39.58% interest in Hong Leong Properties Berhad for a total consideration of \$72,688,295. The consideration was satisfied in full by the issue of new ordinary shares by the Company.

# Consolidated Statement of Cash Flows

for the year ended 30 June 2004

## Notes to Statement of Cash Flows

	2004 \$'000	2003 \$'000
<b>A. Summary of effects of acquisition of subsidiaries</b>		
Plant and equipment	5	381
Current assets	34	280,068
Current liabilities	(1,359)	(20,605)
Non-current liabilities	-	(262,118)
Minority interests	-	(14,703)
	(1,320)	(16,977)
Add : Previously accounted for as		
– Interest in subsidiary	792	-
– Interest in associated company	-	22,729
Acquisition of an amount due to minority shareholder	528	-
Minority interests acquired	-	3,523
	-	9,275
Net assets acquired	-	(6,614)
Negative goodwill on acquisition	-	
	-	2,661
Purchase consideration	-	(26,923)
Cash of subsidiaries acquired	-	
	-	(24,262)
Net cash inflow	-	
<b>B. Summary of effects of disposal of subsidiaries</b>		
Plant and equipment	-	163
Current assets	-	141,336
Current liabilities	-	(29,318)
Minority interests	-	(1,274)
	-	110,907
Net assets disposed	-	226
Add : Capital reserve	-	27,698
Gain on disposal of investments in subsidiaries	-	
	-	138,831
Sale consideration	-	(76,711)
Cash of subsidiaries disposed	-	
	-	62,120
Net cash inflow	-	

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

# Notes to the Financial Statements

30 June 2004

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Directors on 20 August 2004.

## 1. DOMICILE AND ACTIVITIES

GuocoLand Limited (the “Company”) is incorporated in the Republic of Singapore and has its registered office at 20 Collyer Quay, #02-02 Tung Centre, Singapore 049319.

The principal activities of the Group and of the Company are those relating to:-

- investment holding;
- investment trading;
- property development and investment; and
- provision of management, property management, marketing and maintenance services.

The immediate holding company is Guoco Investment Pte Ltd, incorporated in the Republic of Singapore. The intermediate holding company is Guoco Group Limited, incorporated in Bermuda. The ultimate holding company is Hong Leong Company (Malaysia) Berhad, incorporated in Malaysia. In the previous financial year, the ultimate holding company was Guoco Group Limited.

The consolidated financial statements relate to the Company and its subsidiaries (referred to as the “Group”) and the Group’s interests in associated companies.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a. Basis of Preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (“FRS”) including related Interpretations promulgated by the Council on Corporate Disclosure and Governance.

The financial statements were previously prepared in accordance with Singapore Statements of Accounting Standard (“SAS”). The effect of the transition from SAS to FRS on the financial statements is not significant.

The historical cost basis is used except that:-

- investment properties are stated at valuation;
- investment securities are stated at fair value; and
- derivative financial instruments are stated at fair value.

Amounts are expressed in Singapore dollars, unless stated otherwise.

### b. Consolidation

Subsidiaries are companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities.

Investments in subsidiaries are stated in the Company’s balance sheet at cost less impairment losses. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intra-group transactions and balances are eliminated upon consolidation.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)****b. Consolidation (cont'd)**

Associated companies are companies in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associated companies are stated in the Company's balance sheet at cost less impairment losses. In the consolidated financial statements, they are accounted for using the equity method of accounting. The Group's investments in associated companies include goodwill (net of accumulated amortisation) on acquisition. The Group's share of the post-acquisition results of the associated companies is included in the consolidated profit and loss account and is based on their latest available management or audited accounts.

Where necessary, accounting policies for associated companies have been changed to be consistent with the policies adopted by the Group.

**c. Foreign Currencies****i. Foreign Currency Transactions**

Monetary assets and liabilities in foreign currencies are translated into measurement currencies at rates of exchange approximate to those ruling at the balance sheet date. Transactions in foreign currencies are translated at rates ruling on transaction dates. Translation differences are included in the profit and loss account or capitalised as part of the cost of development properties where appropriate except for those translation differences that, in substance, form part of the Group's net investment in foreign subsidiaries and associated companies. These translation differences are recognised directly in equity until the disposal of the investment, at which time they are included in the profit and loss account.

**ii. Foreign Entities**

The assets and liabilities of foreign entities are translated into Singapore dollars at rates of exchange approximate to those ruling at the balance sheet date. The results of foreign entities are translated at the average exchange rates for the year. Goodwill and fair value adjustments arising on the acquisition of foreign entities are stated at exchange rates ruling on transaction dates. Exchange differences arising on translation are recognised directly in equity. On disposal, the accumulated translation differences are recognised in the consolidated profit and loss account as part of the gain or loss on sale.

**d. Plant and Equipment**

Plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is provided on a straight-line basis so as to write off items of plant and equipment over their estimated useful lives as follows:-

	<b>No. of Years</b>
Furniture and fittings	3 – 5
Office equipment	2 – 5
Motor vehicles	5



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### e. Intangible Assets

#### i. Goodwill

Goodwill arising on acquisition represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired. Goodwill is stated at cost less accumulated amortisation and impairment losses. Goodwill is amortised and recognised in the profit and loss account using the straight-line method over its estimated useful life of up to 15 years.

Goodwill arising on acquisition of associated companies is included in investments in associated companies.

Goodwill arising on acquisition of subsidiaries and associated companies that occurred prior to 1 July 2001 was written off against reserves and has not been retrospectively capitalised and amortised.

In arriving at the gain or loss on disposal of an entity, the unamortised balance of goodwill relating to the entity disposed of, or for acquisitions prior to 1 July 2001, the goodwill previously written off against reserves, is included as part of the cost of the investment.

#### ii. Negative Goodwill

Negative goodwill arising on acquisition represents the excess of the fair value of the Group's share of the identifiable net assets acquired over the cost of acquisition. Negative goodwill is presented as a deduction from assets in the same balance sheet classification as goodwill. In respect of associated companies, the carrying amount of negative goodwill is included in the carrying amount of the investment in associated companies.

To the extent that negative goodwill relates to an expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which have not yet been recognised, it is recognised in the profit and loss account when the future losses and expenses are recognised. Any remaining negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is recognised in the profit and loss account over the weighted average useful life of those assets that are depreciable or amortisable. Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised immediately in the profit and loss account.

### f. Investment Properties

Investment properties are defined as properties which are held for the primary purpose of producing rental income and are not held for resale in the ordinary course of business.

Completed properties are stated at annual valuation. A property is considered physically completed on receipt of the Temporary Occupation Permit.

An independent professional valuation is made at least once every three years. The net surplus or deficit on revaluation is taken to investment revaluation reserve except when the total of the reserve is not sufficient to cover a deficit on an aggregate basis, in which case the amount by which the deficit exceeds the amount in the investment revaluation reserve is charged to the profit and loss account.

For properties under development or awaiting development, the land component is stated at annual valuation whereas the development expenditures are stated at cost.

When an investment property is disposed of, the resulting gain or loss recognised in the profit and loss account is the difference between net disposal proceeds and the carrying amount of the property. Any amount in the investment revaluation reserve that relates to the property is transferred to the profit and loss account in calculating the gain or loss.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)****g. Development Properties**

Development properties are those properties which are held with the intention of sale in the ordinary course of business. These include properties held for sale and properties in the course of development and are classified as current assets.

Development properties in the course of development are stated at the lower of cost, plus where appropriate a portion of attributable profit and estimated net realisable value, net of progress billings. Land, related acquisition expenses, development expenditure, interest and other related expenditure are capitalised as part of the cost of development properties. Properties held for sale are stated at the lower of cost and their estimated net realisable value.

**h. Finance Costs**

Interest expense and similar charges are expensed in the profit and loss account in the year in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition and construction of investment and development properties, commencing from the time these costs are incurred until the receipt of the Temporary Occupation Permit.

**i. Investment Securities**

All investment securities are initially recognised at cost. After initial recognition, investment securities which are classified as “trading” and “available-for-sale” are measured at fair values, with unrealised gains or losses on trading securities recognised in the profit and loss account and unrealised gains or losses on available-for-sale securities reported as a separate component of equity until the security is sold, collected or otherwise disposed of, or until the security is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account.

For securities actively traded on organised financial markets, fair value is generally determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date. For securities where there is no quoted market price and whose fair value cannot be reliably measured, they are measured at amortised cost, less impairment losses if they have a fixed maturity and at cost, less impairment losses if they do not have a fixed maturity.

Purchases and sales of investment securities are recognised on the “trade date”, that is, the date that the Group commits to purchase or sell the security.

**j. Derivative Financial Instruments**

The Group uses derivative financial instruments such as interest rate swaps and foreign exchange contracts to hedge its risks associated primarily with interest rate and foreign currency fluctuations. Details of the Group’s financial risk management objectives and policies are set out in Note 32.

Any gains or losses arising from changes in the fair value of the hedged item and the hedging instrument are taken directly to the profit and loss account. The fair value of forward exchange contracts is calculated by reference to current forward exchange rates and by discounting the future cash flows. The fair value of interest rate swap contracts is determined as the difference in the present value of the future interest cash flows.

Interest expense in respect of the notional amount borrowed for equity swap transactions is recognised in the profit and loss account on an accrual basis.

**k. Trade and Other Receivables**

Trade and other receivables are stated at cost less allowance for doubtful receivables.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### **l. Cash and Cash Equivalents**

Cash and cash equivalents comprise cash in hand, bank balances and deposits with financial institutions.

### **m. Impairment**

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The impairment loss is charged to the profit and loss account unless it reverses a previous revaluation, credited to equity, in which case it is charged to equity.

An impairment loss is reversed if there has been a change in the estimates which results in an increase in recoverable amount since the date the impairment loss is recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss has been recognised.

### **n. Trade and Other Payables**

Trade and other payables are stated at cost.

### **o. Interest-bearing Bank Loans and Borrowings**

Interest-bearing bank loans and borrowings are initially recognised at cost less attributable transaction costs. Subsequent to initial recognition, these are stated at amortised cost, that is, the initial cost minus principal repayment and plus or minus the cumulative amortisation of any difference between the initial cost and the maturity amount. The difference between the initial cost and the maturity amount is amortised using the effective interest rate method over the repayment period.

### **p. Employee Benefits**

#### **i. Defined contribution plans**

Contributions to defined contribution plans are recognised as an expense in the profit and loss account as incurred.

#### **ii. Equity and equity-related compensation benefits**

The GuocoLand Limited Executives' Share Option Scheme allows Group employees to acquire shares of the Company. No compensation cost or obligation is recognised. When the options are exercised, equity is increased by the amount of the proceeds received.

#### **iii. Short-term compensated absences**

Short-term compensated absences are recognised in the profit and loss account when the employees render services that increase their entitlement to future compensated absences.

### **q. Provisions**

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)****r. Deferred Tax**

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associated companies, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not be reversed in the foreseeable future.

**s. Revenue Recognition**

- i. Revenue from the sale of properties under development is recognised in the financial statements using the percentage of completion method based on the stage of completion as certified by the architects or quantity surveyors.
- ii. Revenue from the disposal of properties held for sale is recognised when substantially all the conditions of sales have been met and the risks and rewards of ownership have been transferred to the buyers.
- iii. Rental income is recognised as and when they are due.
- iv. Dividend income from subsidiaries and associated companies is recognised in the profit and loss account when the shareholder's right to receive payment is established.
- v. Dividend income from investments in securities is recognised in the profit and loss account on receipt.
- vi. Interest income is recognised on an accrual basis.

**t. Operating Leases**

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the profit and loss account on a straight-line basis over the term of the lease.

**u. Discontinuing Operations**

A discontinuing operation is a clearly distinguishable component of the Group's business that is abandoned or terminated and which represents a separate major line of business or geographical area of operations.

## Notes to the Financial Statements

30 June 2004

### 3. PLANT AND EQUIPMENT

	Furniture and fittings \$'000	Office equipment \$'000	Motor vehicles \$'000	Total \$'000
<b>Group</b>				
<b>Cost</b>				
At beginning of the year	2,108	2,232	1,608	5,948
Additions	396	186	388	970
Disposals	(54)	(18)	(104)	(176)
Written off	(409)	(190)	-	(599)
Exchange differences on translation	(15)	(6)	(5)	(26)
At end of the year	2,026	2,204	1,887	6,117
<b>Accumulated Depreciation</b>				
At beginning of the year	1,327	1,971	785	4,083
Charge for the financial year	380	182	248	810
Disposals	(37)	(12)	(104)	(153)
Written off	(270)	(181)	-	(451)
Exchange differences on translation	(10)	(3)	(5)	(18)
At end of the year	1,390	1,957	924	4,271
<b>Net Book Value as at:-</b>				
30 June 2004	636	247	963	1,846
30 June 2003	781	261	823	1,865

### 4. INVESTMENT PROPERTIES

	<b>Group</b>	
	<b>2004</b>	<b>2003</b>
	<b>\$'000</b>	<b>\$'000</b>
Completed properties, at valuation	308,000	318,000
Investment properties comprise commercial properties that are leased mainly to external customers. The leases are for a period of two to three years.		
Movements in the investment properties are as follows:-		
	<b>Group</b>	
	<b>2004</b>	<b>2003</b>
	<b>\$'000</b>	<b>\$'000</b>
At beginning of the year	318,000	353,000
Deficit arising from revaluation of investment properties	(10,000)	(35,000)
At end of the year	308,000	318,000



**4. INVESTMENT PROPERTIES (cont'd)**

- a. The details of the investment properties are as follows:-

Investment Property	Description	Tenure of Land	Open Market Value
Tung Centre 20 Collyer Quay Singapore 049319	24-storey office building	999-year lease w.e.f. 5.11.1862	\$185.0 million
Robinson Centre 61 Robinson Road Singapore 068893	20-storey office building	99-year lease w.e.f. 19.3.1997/ 98-year lease w.e.f. 19.3.1998	\$123.0 million
			<u>\$308.0 million</u>

- b. In accordance with the Group's accounting policy, the Group's investment properties were valued on 30 June 2004 on an open market basis by DTZ Debenham Tie Leung (SEA) Pte Ltd, an independent firm of professional valuers.
- c. The Group's investment property with a book value of \$123.0 million (2003 : \$130.0 million) has been mortgaged to secure loan facilities granted to the Group (see Note 17).

**5. INTERESTS IN SUBSIDIARIES**

	Company	
	2004 \$'000	2003 \$'000
a. Unquoted shares, at cost	1,084,285	1,083,883
Less : Impairment losses	(393,126)	(409,743)
	<u>691,159</u>	<u>674,140</u>
Amounts due from subsidiaries (non-trade)	1,164,161	1,072,612
Less : Allowance for doubtful receivables	(192,975)	(38,872)
	<u>971,186</u>	<u>1,033,740</u>
	<u>1,662,345</u>	<u>1,707,880</u>
Non-current liabilities		
- Amounts due to subsidiaries (non-trade)	<u>(426,750)</u>	<u>(594,041)</u>

The amounts due from subsidiaries consist of \$162.4 million (2003 : \$135.8 million) interest-free loans and \$1,001.8 million (2003 : \$936.8 million) interest bearing loans which carry interest at 3.5% p.a. (2003 : 4.0% to 5.0% p.a.).

The amounts due to subsidiaries consist of \$405.3 million (2003 : \$571.0 million) interest-free loans and \$21.5 million (2003 : \$23.0 million) interest bearing loans which carry interest ranging from 0.3% to 2.6% p.a. (2003 : 0.4% to 5.0% p.a.).

The amounts due from/(to) subsidiaries are unsecured.

## Notes to the Financial Statements

30 June 2004

### 5. INTERESTS IN SUBSIDIARIES (cont'd)

The weighted average effective interest rates per annum at the balance sheet date are as follows:-

	2004 %	2003 %
Amounts due from subsidiaries	3.50	4.00
Amounts due to subsidiaries	1.95	2.82

The above interest rates reprice within one year.

- b. The details of the subsidiaries are as follows:-

Name of Subsidiary	Country of Incorporation	Effective Equity Interest held by the Group	
		2004 %	2003 %
A-Z Holdings Pte Ltd	Singapore	100	100
Branmil Holdings Pte Ltd	Singapore	100	100
*Checkenden Limited	British Virgin Islands	100	100
Chelford Pte Ltd	Singapore	100	100
Cheltenham Investments Pte Ltd	Singapore	100	100
Chiltern Park Development Pte Ltd	Singapore	100	100
Da Zhong Investment Pte Ltd and its subsidiary:-	Singapore	100	100
#Zeltand Holdings Limited	British Virgin Islands	100	100
Everian Holdings Pte Ltd	Singapore	100	100
Fasidon Holdings Pte Ltd	Singapore	100	100
FCC Holdings Pte Ltd	Singapore	100	100
FCC Net Pte Ltd and its subsidiary:-	Singapore	100	100
MyHome Online Pte Ltd	Singapore	100	60
Fica Nominees Pte Ltd	Singapore	100	100
First Bukit Panjang Land Pte Ltd	Singapore	100	100
First Capital Asia Pte Ltd and its subsidiary:-	Singapore	100	100
First Capital Asia Land Pte Ltd	Singapore	100	100

## 5. INTERESTS IN SUBSIDIARIES (cont'd)

Name of Subsidiary	Country of Incorporation	Effective Equity Interest held by the Group	
		2004 %	2003 %
First Capital Assets Pte Ltd and its subsidiaries:-	Singapore	100	100
#First Capital Assets (BVI) Ltd	British Virgin Islands	100	100
FCC Equities Pte Ltd and its subsidiary:-	Singapore	100	100
*Imej Maju Sdn Bhd	Malaysia	100	100
First Capital Corporation Realty Pte. Ltd.	Singapore	100	100
First Capital Development Pte Ltd and its subsidiary:-	Singapore	100	100
Elias Development Pte Ltd	Singapore	100	100
First Capital Fund Management Pte Ltd	Singapore	100	100
First Capital Holdings (HK) Pte Ltd	Singapore	100	100
First Capital Holdings (Thailand) Pte Ltd	Singapore	100	100
First Capital Holdings Pte Ltd	Singapore	100	100
First Capital Hotels Pte Ltd	Singapore	100	100
First Capital Investment Ltd	Singapore	100	100
First Capital Properties Pte Ltd	Singapore	100	100
First Capital Realty Pte Ltd	Singapore	100	100
First Cavendish Development Pte Ltd	Singapore	100	100
First Changi Development Pte Ltd	Singapore	90	90
First Coventry Development Pte Ltd	Singapore	100	100
First Garden Development Pte Ltd	Singapore	90	90
First Loyang Land Pte Ltd	Singapore	100	100
First Meyer Development Pte Ltd	Singapore	100	100
First Tanglin Land Pte Ltd	Singapore	100	100
GLL (Malaysia) Pte. Ltd. (formerly known as Lilleham Investments Pte Ltd)	Singapore	100	100

## Notes to the Financial Statements

30 June 2004

### 5. INTERESTS IN SUBSIDIARIES (cont'd)

Name of Subsidiary	Country of Incorporation	Effective Equity Interest held by the Group	
		2004 %	2003 %
GLL Holdings (UK) Pte. Ltd. (formerly known as First Capital Holdings (U.K.) Pte Ltd)	Singapore	100	100
GLL Land Pte. Ltd. (formerly known as First Capital Land Pte Ltd)	Singapore	100	100
*Guoco Properties Limited and its subsidiaries:-	Bermuda	100	100
*Beijing Minghua Property Development Co., Ltd	The People's Republic of China	75	75
*China Fine Development Limited	Hong Kong	100	100
*Eagleman Development Limited	Hong Kong	-	100
*Guo Xiang Property Co., Limited	Hong Kong	100	-
*Guoco Property Management Limited	Hong Kong	-	100
Guoco Property Management Pte Ltd	Singapore	100	100
*Shanghai Xin Hao Zhong Property Development Co., Ltd	The People's Republic of China	98	98
*Superwell Properties Limited	Hong Kong	100	100
*Top Known International Limited	Hong Kong	-	100
GuocoLand (Singapore) Pte. Ltd. and its subsidiary:-	Singapore	100	-
First Bedok Land Pte Ltd	Singapore	100	100
GuocoLand Management Pte. Ltd. (formerly known as First Capital Management Pte Ltd)	Singapore	100	100
GuocoLand Property Management Pte. Ltd. (formerly known as First Capital Property Management Pte Ltd)	Singapore	100	100
Harbour View Development Pte Ltd	Singapore	100	100
Hedover Holdings Pte Ltd	Singapore	100	100
Leonie Land Pte Ltd	Singapore	100	100
Melville Park Development Pte Ltd	Singapore	80	80

## 5. INTERESTS IN SUBSIDIARIES (cont'd)

Name of Subsidiary	Country of Incorporation	Effective Equity Interest held by the Group	
		2004 %	2003 %
Pemberton Limited and its subsidiary:-	Singapore	100	100
Century Square Development Ltd	Singapore	100	100
Rivaldo Investments Pte Ltd	Singapore	100	100
Sanctuary Land Pte Ltd	Singapore	90	90
Tanamera Development Pte Ltd	Singapore	100	100
Winterhall Pte Ltd	Singapore	100	100

# Not required to be audited by law of country of incorporation.

\* Audited by other member firms of KPMG International.

## 6. INTERESTS IN ASSOCIATED COMPANIES

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Investments in associated companies	113,300	228,802	3,684	3,726
5.75% quoted convertible unsecured loan stock due 2013, at cost	-	35,580	-	-
	113,300	264,382	3,684	3,726
Amounts due from associated companies (non-trade)	34,647	102,538	13,727	75,578
Less : Amounts due within 1 year shown under trade and other receivables (see Note 10)	(2,341)	(1,582)	-	-
Allowance for doubtful receivables	-	-	(6,900)	(68,537)
	32,306	100,956	6,827	7,041
	145,606	365,338	10,511	10,767

Investments in associated companies include the following amount of negative goodwill:-

	Group	
	2004 \$'000	2003 \$'000
Movements in negative goodwill during the year:-		
At beginning of the year	6,423	-
Acquisitions through business combinations	66,700	6,529
Less : Amortisation charge for the year	(2,542)	(106)
At end of the year	70,581	6,423



## Notes to the Financial Statements

30 June 2004

### 6. INTERESTS IN ASSOCIATED COMPANIES (cont'd)

The amortisation of negative goodwill arising on the acquisition of associated companies is included in the share of profit before tax of associated companies.

In the previous financial year, the 5.75% quoted convertible unsecured loan stock were pledged to a bank for short-term credit facilities granted to a subsidiary.

The amounts due from associated companies are unsecured and interest-free. In the previous financial year, the amounts due from associated companies were unsecured and consisted of \$40.9 million interest-free loans and \$61.6 million interest bearing loans. Interest was charged at 1.5% p.a. for interest bearing loans.

In the previous financial year, the weighted average effective interest rate for amounts due from associated companies at the balance sheet date was 1.5% p.a..

The details of the associated companies are as follows:-

Name of Associated Company	Principal Activities	Country of Incorporation	Effective Equity Interest held by the Group	
			2004 %	2003 %
# Benchmark Group PLC and its subsidiaries	Property investment and development	The United Kingdom	-	34.54
* Camerlin (B.V.I.) Limited	In liquidation	British Virgin Islands	40	40
@ Camerlin Pte Ltd	Liquidated	Singapore	-	40
@ Crawford Pte Ltd	Property development	Singapore	40	40
@ First Capital Property Ventures Pte Ltd	Investment holding	Singapore	35	35
^ Guoman Hotel & Resort Holdings Sdn Bhd and its subsidiaries	Investment holding	Malaysia	30	30
^ Hong Leong Properties Berhad and its subsidiaries	Investment holding	Malaysia	41.71	-
@ Razgrad Pte Ltd	Property development	Singapore	40	40
@ Stockton Investments Pte Ltd	Investment holding	Singapore	38.27	38.27
** Tiara Investment Holdings Limited	Investment holding	Mauritius	40	40

# Audited by other member firms of KPMG International.

\* Not required to be audited by law of country of incorporation.

@ Audited by KPMG Singapore.

^ Audited by Ernst & Young, Malaysia.

\*\* Audited by Sui Chong Ng Fuk Chong.

**7. AMOUNTS DUE FROM/(TO) MINORITY SHAREHOLDERS OF SUBSIDIARIES**

The amounts due from/(to) minority shareholders of subsidiaries are unsecured and have no fixed terms of repayment. However, the management of the parties involved does not intend for these amounts to be repaid/paid within the next twelve months. Interest is charged at 3.5% p.a. (2003 : 4.0% to 5.0% p.a.). The weighted average effective interest rate for amounts due to minority shareholders of subsidiaries at the balance sheet date is 3.5% p.a. (2003 : 4.0% p.a.) and the interest rate reprices within one year.

**8. INVESTMENT SECURITIES****a. Available-for-sale Securities**

	<b>Group</b>	
	<b>2004</b>	<b>2003</b>
	<b>\$'000</b>	<b>\$'000</b>
Quoted equity securities, at market value	124,154	121,194
Unquoted equity securities, at cost	8,997	8,997
Less : Impairment loss	(3,850)	-
	5,147	8,997
	<b>129,301</b>	<b>130,191</b>

Quoted equity securities with a market value of \$105.5 million (2003 : \$100.9 million) are pledged with a bank to secure short-term loan facilities (see Note 16).

It is not practicable to estimate the fair value of the unquoted equity securities without incurring excessive costs. However, the management believes that the carrying amount recorded at balance sheet date reflects the corresponding fair value.

**b. Trading Securities**

	<b>Group</b>	
	<b>2004</b>	<b>2003</b>
	<b>\$'000</b>	<b>\$'000</b>
At market value:-		
Quoted equity securities	-	1,416
Quoted loan stocks	9,167	13,584
	<b>9,167</b>	<b>15,000</b>

The weighted average effective interest rate of quoted loan stocks at the balance sheet date is 5.5% p.a. (2003 : 5.5% p.a.) and the fixed interest rate matures in 1 to 5 years.

# Notes to the Financial Statements

30 June 2004

## 9. DEVELOPMENT PROPERTIES

	Group	
	2004 \$'000	2003 \$'000
Properties in the course of development	776,492	916,893
Property held for sale	102,158	107,369
	<u>878,650</u>	<u>1,024,262</u>

### a. Properties in the course of development

Costs	1,637,699	1,498,735
Less : Allowance for foreseeable losses	(153,522)	(200,354)
Attributable loss	(69,329)	(57,033)
Progress instalments received and receivable	(638,356)	(324,455)
	<u>776,492</u>	<u>916,893</u>

The following were capitalised as cost of development properties during the financial year:-

Interest expense	22,117	28,118
Interest income	(245)	(366)

### b. Property held for sale

Property held for sale	109,067	114,649
Less : Allowance for foreseeable losses	(6,909)	(7,280)
	<u>102,158</u>	<u>107,369</u>

Certain development properties with a book value of \$0.64 billion (2003 : \$0.84 billion) are under legal mortgages with banks (see Note 17).

Included in interest capitalised is an amount of \$0.6 million (2003 : \$0.7 million) payable to minority shareholders of subsidiaries.

The details of the development properties are as follows:-

### Properties in the course of development:-

Property	Intended Use	Stage of Completion	Expected Temporary Occupation Permit ("TOP") Date	Site Area (sq m)	Gross Floor Area (sq m)	Group's Interest
<b>Singapore</b>						
Sanctuary Green Situating at Tanjong Rhu Road	Residential	Phase 1 – TOP obtained on 23/9/2003	N/A	23,551	66,040	90%
		Phase 2 – TOP obtained on 4/6/2004	N/A			

## 9. DEVELOPMENT PROPERTIES (cont'd)

Property	Intended Use	Stage of Completion	Expected Temporary Occupation Permit ("TOP") Date	Site Area (sq m)	Gross Floor Area (sq m)	Group's Interest
<b>Singapore (cont'd)</b>						
The Gardens at Bishan Situated at Sin Ming Ave/Sin Ming Walk	Residential	Phase 1 – TOP obtained on 10/2/2004	N/A	34,949	87,373	90%
		Phase 2 – TOP application in progress	7/2004			
Le Crescendo Situated at Paya Lebar Road	Residential	Superstructure & architectural works in progress	2/2006	12,323	26,176	100%
Bishan Point Situated at Sin Ming Ave/Bright Hill Drive	Residential	Superstructure & architectural works in progress	4/2005	6,800	19,038	100%
D'elias Situated at Tampines Expressway/Elias Road Junction	Residential	Superstructure & architectural works in progress	7/2005	4,429	4,230	100%
Leonie Studio Situated at Leonie Hill	Residential	Substructure works in progress	11/2006	2,850	8,690	100%
Nathan Place Situated at Nathan Road	Residential	Substructure works in progress	6/2006	4,421	6,189	100%
Paterson Residence Situated at Paterson Road	Residential	Planning	*	7,774	16,327	100%
Site situated at Meyer Road	Residential	Planning	*	3,352	7,039	100%
<b>The People's Republic of China</b>						
Central Park Situated in Luwan District, Shanghai	Residential	Superstructure works in progress	6/2005	14,841	63,935	98%

\* Not applicable as construction for these developments have not commenced.

N/A : Not applicable.

## Notes to the Financial Statements

30 June 2004

### 9. DEVELOPMENT PROPERTIES (cont'd)

#### Property held for sale:-

Property	Description	Gross Floor Area (sq m)	Group's Interest
Corporate Square Situating in Xicheng District, Beijing The People's Republic of China	17-storey office building	28,513 <sup>®</sup>	75%

<sup>®</sup> Refers to the remaining unsold gross floor area.

### 10. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Trade receivables		13,043	41,895	-	-
Other receivables, deposits and prepayments	11	356,318	47,127	986	452
Amounts due from:-					
Associated companies (non-trade)	6	2,341	1,582	-	-
Related corporations					
- Trade		92	-	-	-
- Non-trade		-	44	-	-
Related parties (trade)		1	92	-	-
		371,795	90,740	986	452

Trade receivables are stated after allowance for doubtful receivables of \$142,000 (2003 : \$7,000).

### 11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Deposits	957	946	251	251
Prepayments	3,039	768	543	200
Tax recoverables	7,960	9,679	-	-
Interest receivables	676	631	13	1
Mark-to-market gain on derivative financial instruments	2,803	3,195	178	-
Amount receivable from disposal of investment in an associated company	334,286	-	-	-
Deposits for land acquisition	5,880	29,409	-	-
Others	717	2,499	1	-
	356,318	47,127	986	452



## 12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Short-term deposits with banks				
- S\$ balances	168,036	86,567	48,008	-
- US\$ balances	17	20,462	-	20,415
- RMB balances	20,956	-	-	-
	189,009	107,029	48,008	20,415
Cash and bank balances	73,676	32,637	105	8
	262,685	139,666	48,113	20,423

Included in the Group's cash and bank balances and short-term deposits with banks are amounts held under the Housing Developers (Project Account) Rules ("Rules") totalling \$64.4 million (2003 : \$18.0 million), the use of which is subject to restrictions imposed by the above-mentioned Rules. Cash collaterals of \$16.3 million (2003 : \$18.8 million) is deposited with a bank for equity swap transactions.

The weighted average effective interest rates per annum at the balance sheet date are as follows:-

	Group		Company	
	2004	2003	2004	2003
	%	%	%	%
Short-term deposits with banks				
- S\$ balances	0.53	0.52	0.56	-
- US\$ balances	0.80	1.05	-	1.05
- RMB balances	1.62	-	-	-

The above interest rates reprice at intervals of one, three or six months.

## 13. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2004	2003	2004	2003
		\$'000	\$'000	\$'000	\$'000
Trade payables and accrued operating expenses		25,086	30,245	530	489
Amounts due to:-					
Intermediate holding company (non-trade)		3,418	-	3,418	-
Ultimate holding company (non-trade)		-	3,045	-	3,045
Associated company (non-trade)		1	1	-	-
Related corporations					
- Trade		81	-	-	-
- Non-trade		228	39	-	-
Related parties					
- Trade		-	81	-	-
- Non-trade		-	202	-	-
Other payables	14	53,908	26,597	3,201	2,579
		82,722	60,210	7,149	6,113

The non-trade balances with intermediate holding company, associated company and related corporations are unsecured and interest-free.

## Notes to the Financial Statements

30 June 2004

### 14. OTHER PAYABLES

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Advance receipts	7,094	-	-	-
Rental deposits	2,901	3,149	-	-
Deposits received	24,737	1,711	-	-
Interest payable	10,610	10,724	3,201	2,579
Mark-to-market loss on derivative financial instruments	591	774	-	-
Real estate tax payable	2,073	3,007	-	-
Others	5,902	7,232	-	-
	<u>53,908</u>	<u>26,597</u>	<u>3,201</u>	<u>2,579</u>

### 15. INTEREST BEARING LOANS AND BORROWINGS

		Group		Company	
	Note	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
<b>Current Liabilities</b>					
Short-term bank loans					
- secured	16	70,000	66,800	10,000	-
- unsecured		45,508	18,158	45,508	15,604
Current portion of long-term bank loans	17				
- secured		136,900	389,500	-	-
- unsecured		158,030	91,000	-	-
Current portion of long-term notes (unsecured)	18	79,924	109,957	79,924	109,957
		<u>490,362</u>	<u>675,415</u>	<u>135,432</u>	<u>125,561</u>
<b>Non-Current Liabilities</b>					
Long-term bank loans	17	297,553	272,700	-	-
Long-term notes (unsecured)	18	192,697	107,582	192,697	107,582
		<u>490,250</u>	<u>380,282</u>	<u>192,697</u>	<u>107,582</u>
Total loans and borrowings		<u>980,612</u>	<u>1,055,697</u>	<u>328,129</u>	<u>233,143</u>

All the non-current loans and borrowings have maturity dates due after one year but within five years.

## 15. INTEREST BEARING LOANS AND BORROWINGS (cont'd)

Weighted average effective interest rates and repricing analysis:-

Group	Effective	Floating	Fixed Interest		Total
	Interest Rate %	Interest Rate \$'000	Within 1 Year \$'000	Rate Maturing 1 to 5 Years \$'000	
At 30 June 2004					
Secured bank loans					
- S\$ floating rate loans	2.15	503,931	-	-	503,931
- US\$ floating rate loan	2.81	522	-	-	522
Unsecured bank loans					
- S\$ floating rate loans	2.09	96,000	-	-	96,000
- S\$ floating rate notes	2.49	40,000	-	-	40,000
- S\$ fixed rate notes	3.58	-	79,924	152,697	232,621
- US\$ floating rate loans	2.65	107,538	-	-	107,538
		747,991	79,924	152,697	980,612
At 30 June 2003					
Secured bank loans					
- S\$ floating rate loans	1.95	613,500	-	-	613,500
- S\$ fixed rate loan	6.13	-	42,000	-	42,000
Unsecured bank loans					
- S\$ floating rate loans	2.10	175,700	-	-	175,700
- S\$ fixed rate notes	4.23	-	109,957	107,582	217,539
- US\$ floating rate loan	2.54	4,404	-	-	4,404
- RMB fixed rate loan	4.78	-	2,554	-	2,554
		793,604	154,511	107,582	1,055,697
Company					
At 30 June 2004					
Secured bank loan					
- S\$ floating rate loan	2.32	10,000	-	-	10,000
Unsecured bank loans					
- S\$ floating rate loans	1.98	24,000	-	-	24,000
- S\$ floating rate notes	2.49	40,000	-	-	40,000
- S\$ fixed rate notes	3.58	-	79,924	152,697	232,621
- US\$ floating rate loans	2.61	21,508	-	-	21,508
		95,508	79,924	152,697	328,129
At 30 June 2003					
Unsecured bank loans					
- S\$ floating rate loans	2.20	11,200	-	-	11,200
- S\$ fixed rate notes	4.23	-	109,957	107,582	217,539
- US\$ floating rate loan	2.54	4,404	-	-	4,404
		15,604	109,957	107,582	233,143

## Notes to the Financial Statements

30 June 2004

### 16. SHORT-TERM BANK LOANS (SECURED)

The secured short-term loan facilities are secured by legal mortgages on certain quoted equity securities (see Note 8a).

### 17. LONG-TERM BANK LOANS

		Group	
	Note	2004 \$'000	2003 \$'000
Long-term bank loans (secured)	(a)	364,453	516,200
Long-term bank loan (secured)	(b)	70,000	72,500
Long-term bank loan (unsecured)	(c)	72,000	73,500
Long-term bank loan (unsecured)	(d)	86,030	91,000
		592,483	753,200
Less : Current portion (see Note 15)			
- secured		(136,900)	(389,500)
- unsecured		(158,030)	(91,000)
		297,553	272,700

- The bank loans are secured by legal mortgages on certain development properties of subsidiaries (see Note 9). Interest is charged at up to 1.4375% p.a. above the bank's Singapore dollar swap rate for loans denominated in Singapore dollars and at 1.5% p.a. above the bank's Singapore Interbank Offer Rate for loans denominated in United States dollars. The bank loans are repayable by the year 2006.
- The bank loan, which is denominated in Singapore dollars, is secured by a legal mortgage on an investment property of a subsidiary (see Note 4). Interest is charged at 1.25% p.a. above the bank's Singapore dollar swap rate. An amount of \$10 million is repayable on 30 September 2004, \$2.5 million on 31 March 2005 and 30 September 2005 and the remaining \$55 million on 31 March 2006.
- Interest on the unsecured bank loan, which is denominated in Singapore dollars, is charged at 1.5% p.a. above the bank's Singapore dollar swap rate. The bank loan is repayable on 4 December 2004.
- The unsecured bank loan is denominated in United States dollars. Interest is charged at 1.5% p.a. above the bank's Singapore dollar swap rate. The bank loan was repaid on 9 July 2004.

### 18. LONG-TERM NOTES

	Group and Company	
	2004 \$'000	2003 \$'000
Medium term notes (unsecured)	272,621	217,539
Less : Current portion (see Note 15)	(79,924)	(109,957)
	192,697	107,582

The \$272.75 million (2003 : \$217.75 million) unsecured medium term notes ("MTNs") comprising 10 (2003 : 7) series are issued at various fixed and floating interest rates under a \$300 million MTN programme which is constituted by a Trust Deed dated 15 March 2000. Interest is charged at rates ranging from 2.375% to 5.2% p.a. (2003 : 2.38% to 5.2% p.a.). The MTNs are redeemable at 100% of their principal amounts on their respective due dates ranging from July 2004 to April 2009.

**19. DEFERRED TAX LIABILITIES****a. Deferred Tax Liabilities**

The movement in deferred tax liabilities during the year are as follows:-

	<b>Development Properties \$'000</b>	<b>Investment Properties \$'000</b>	<b>Others \$'000</b>	<b>Total \$'000</b>
<b>Group</b>				
At beginning of the year	12,136	3,400	160	15,696
Credited to profit and loss account	(3,568)	(300)	(60)	(3,928)
Exchange differences on translation	(186)	-	-	(186)
At end of the year	8,382	3,100	100	11,582

**b. Unrecognised Deferred Tax Assets**

Deferred tax assets have not been recognised in respect of the following items:-

	<b>Group</b>	
	<b>2004 \$'000</b>	<b>2003 \$'000</b>
Deductible temporary differences	296,444	355,689
Unutilised tax losses/capital allowances	190,301	193,373
	486,745	549,062
Deferred tax assets	97,349	120,794

Deferred tax assets have not been recognised in respect of these items because it is not certain as to when the Group can utilise the benefits therefrom.

As at 30 June 2004, the Group has unutilised tax losses and capital allowances which are available for set-off against future profits subject to tax conditions prevailing in the respective countries of the subsidiaries and agreements by the respective tax authorities.

## Notes to the Financial Statements

30 June 2004

### 20. SHARE CAPITAL

	Company	
	2004	2003
	\$'000	\$'000
<b>a. Ordinary Shares</b>		
Authorised:		
- 1,000,000,000 (2003 : 1,000,000,000) ordinary shares of \$1.00 each	1,000,000	1,000,000
Issued and fully paid:		
- 675,523,653 (2003 : 515,147,993) ordinary shares of \$1.00 each	675,523	515,148
<b>b. Redeemable Cumulative Preference Shares ("RCPS")</b>		
Authorised:		
- 200,000,000 (2003 : 200,000,000) RCPS of \$0.01 each	2,000	2,000
<b>c. Non-Redeemable Convertible Cumulative Preference Shares ("NCCPS")</b>		
Authorised:		
- 300,000,000 (2003 : 300,000,000) NCCPS of \$0.01 each	3,000	3,000
Issued and fully paid:		
- Nil (2003 : 3,877,161) NCCPS 2004 of \$0.01 each	-	39
- 123,815 (2003 : 95,022,065) NCCPS 2005 of \$0.01 each	1	950
Total share capital issued at end of the year	675,524	516,137

On 9 February 1999, the Company issued 87,900,892 NCCPS 2004 of \$0.01 each at the issue price of \$1.00 each for cash. The NCCPS 2004 carry the right to a cumulative preference dividend of 7% p.a. and the right to convert into ordinary shares of the Company within five years from the date of issue based on the conversion ratio of one ordinary share for every one NCCPS 2004 held. All the 2,687,021 outstanding NCCPS 2004 were automatically converted into ordinary shares of the Company on 9 February 2004 being the mandatory conversion date of the NCCPS 2004.

On 29 November 2002, the Company issued 101,671,676 new ordinary shares of \$1.00 each ("rights share") and 101,671,676 new 4.5% non-redeemable convertible cumulative preference shares of \$0.01 each ("NCCPS 2005") at an issue price of \$1.00 for each rights share and \$1.00 for each NCCPS 2005 for cash. One rights share and one NCCPS 2005 were issued for every four ordinary shares of \$1.00 each held in the share capital of the Company.

The NCCPS 2005 carry the right to a cumulative preference dividend of 4.5% p.a. and the right to convert into ordinary shares of the Company within three years from the date of issue based on the conversion ratio of one ordinary share for every one NCCPS 2005 held. All outstanding NCCPS 2005 on the third anniversary of the issue date are convertible into ordinary shares of the Company based on the aforementioned conversion ratio.



**21. RESERVES**

		Group		Company	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Share premium	(a)	161,192	247,891	161,192	247,891
Capital reserve	(b)	11,208	13,764	1,300	1,300
Exchange translation reserve	(c)	1,180	46,982	1,074	5,636
Investment revaluation reserve	(d)	680	5,852	-	-
Capital redemption reserve	(e)	3,083	3,083	3,000	3,000
Mark-to-market reserve	(f)	(37,768)	(28,174)	-	-
Unappropriated profits		157,483	77,087	97,308	107,520
		297,058	366,485	263,874	365,347

**a. Share Premium**

The application of the share premium account is governed by Section 69 of the Companies Act, Chapter 50.

**b. Capital Reserve**

This comprises reserve arising on consolidation of subsidiaries and associated companies and the allocated value of the warrants issued with debt securities.

**c. Exchange Translation Reserve**

This comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries and associated companies as well as translation of foreign currency assets forming part of net investments in such entities.

**d. Investment Revaluation Reserve**

This comprises net surplus arising from the revaluation of investment properties by subsidiaries and associated companies.

**e. Capital Redemption Reserve**

This represents the nominal value of redeemable cumulative preference shares transferred from the Unappropriated Profits upon the redemption of such shares.

**f. Mark-to-market Reserve**

This comprises unrealised gain or loss arising from changes in fair value of available-for-sale securities.

## Notes to the Financial Statements

30 June 2004

### 22. REVENUE

Revenue by significant categories are as follows:-

	Group	
	2004 \$'000	2003 \$'000
Revenue from sale of development properties	282,416	332,094
Gross rental from investment properties	13,172	16,280
Net profit on sale of trading securities	2,739	1,047
Loss on unwinding of equity swap	(4,902)	-
Dividend income from equity securities	2,451	4,010
Interest income from -		
Deposits		
- Related corporation	18	-
- Related party	34	80
- Others	28	38
Associated companies	2,449	3,532
Related party	560	548
Others	-	767
Management fee income from -		
Immediate holding company	3	6
Associated companies	755	2,086
Related corporations	23	22
Related parties	15	22
Others	54	4,081
Others	246	241
	<u>300,061</u>	<u>364,854</u>

### 23. OTHER OPERATING INCOME

	Group	
	2004 \$'000	2003 \$'000
Gain on disposal of investment in an associated company	70,440	24,653
Gain on disposal of investments in subsidiaries	-	28,131
Gain on disposal of plant and equipment	10	154
Interest income from -		
Deposits		
- Related corporation	30	-
- Related party	145	181
- Others	605	460
Others	-	7
Mark-to-market gain in respect of equity swap*	1,500	20,911
Mark-to-market gain on derivative financial instruments	-	164
Mark-to-market gain on trading securities	-	956
Negative goodwill written off	-	6,614
Net exchange gain	4,984	865
Profit from sale of trading securities	140	-
Others	4,931	1,085
	<u>82,785</u>	<u>84,181</u>

- \* This relates to an ongoing cash settled equity swap, for which the underlying securities are 75 million shares in BIL International Limited. The equity swap is a synthetic transaction resulting in a financial adjustment whereby payments are calculated and determined by reference to the price of the underlying securities, with no powers or rights in the underlying securities.

**24. OTHER OPERATING EXPENSES**

	Group	
	2004 \$'000	2003 \$'000
Loss on disposal of investment in a subsidiary	-	433
Impairment loss on available-for-sale securities	3,850	-
Mark-to-market loss on derivative financial instruments	413	-
Mark-to-market loss on trading securities	4,417	-
Net revaluation deficit on investment properties	9,120	-
Others	812	251
	<b>18,612</b>	<b>684</b>

**25. PROFIT FROM OPERATIONS**

	Group	
	2004 \$'000	2003 \$'000
a. The following items have been included in arriving at profit from operations:-		
Depreciation of plant and equipment	810	766
Directors' remuneration -		
Directors of the Company	1,991	1,565
Other directors of subsidiaries	1,785	1,165
	<b>3,776</b>	<b>2,730</b>
Goodwill written off	1	-
Loss on dilution of interest in an associated company	25	-
Management fees paid and payable to intermediate holding company	3,433	-
Management fees paid and payable to ultimate holding company	-	3,045
Non-audit fees paid to Auditors of the Company	17	22
Operating lease expenses	764	621
Plant and equipment written off	148	2
Staff costs -		
Wages and salaries	5,105	4,713
Contributions to defined contribution plans	458	659
Reversal of liability for short-term accumulating compensated absences	(10)	(105)
	<b>5,553</b>	<b>5,267</b>
(Writeback of allowance)/Allowance for foreseeable losses on development properties (net)	<b>(18,345)</b>	<b>14,307</b>

The number of employees of the Group at 30 June 2004 was 142 (30 June 2003 : 113).

- b. The remuneration of directors of the Company and key executives who may also be directors of the Company's subsidiaries under each remuneration band is as follows:-

	Group	
	2004 \$'000	2003 \$'000
Remuneration of:-		
\$500,000 and above	2	1
\$250,000 to \$499,999	4	5
\$249,999 and below	5	5
	<b>11</b>	<b>11</b>

## Notes to the Financial Statements

30 June 2004

### 26. FINANCE COSTS

	Group	
	2004 \$'000	2003 \$'000
Interest paid and payable to:-		
- minority shareholders	596	721
- financial institutions	27,230	37,067
- others	899	605
	28,725	38,393
Less : Interest capitalised as cost of development properties	(22,117)	(28,118)
	6,608	10,275

The finance costs have been capitalised at a rate of 1.8% to 6.1% p.a. (2003 : 1.7% to 6.1% p.a.) for development properties.

### 27. INCOME TAX

	Group	
	2004 \$'000	2003 \$'000
Current tax		
Current year	1,186	16,825
(Over)/Underprovision in respect of previous years	(1,485)	784
	(299)	17,609
Share of associated companies' taxation	(1,959)	4,320
Deferred tax		
Movements in temporary differences	(3,209)	(3,265)
Change of tax rate	(659)	-
Overprovision in respect of previous years	(60)	(2)
	(3,928)	(3,267)
	(6,186)	18,662

A reconciliation of the taxation and the profit for the financial year is as follows:-

Profit from ordinary activities before taxation	116,005	117,100
Income tax using Singapore tax rate of 20% (2003 : 22%)	23,201	25,762
Deferred tax benefit not recognised	2,539	6,867
Effect of different tax rates in foreign jurisdiction	3,830	2,208
Non-chargeable income	(19,757)	(21,537)
Non deductible expenses	7,480	3,279
Utilisation of previously unrecognised deferred tax assets	(15,175)	(4,356)
Tax effect of losses not allowed to be set off against future taxable profits	3,644	5,125
(Over)/Underprovision in respect of previous financial years	(1,545)	782
Change of tax rate	(659)	(103)
Tax overprovided in associated companies in respect of previous financial years	(9,301)	(2,058)
Others	(443)	2,693
	(6,186)	18,662

**28. EARNINGS PER SHARE AND FULLY DILUTED EARNINGS PER SHARE**

Earnings per share ("EPS") is calculated based on the Group's profit of \$118,537,000 (2003 : \$91,813,000) derived at after deducting preference dividends, and on the weighted average number of 594,308,237 (2003 : 461,193,496) ordinary shares of the Company, in issue during the financial year.

Fully diluted EPS is calculated on the same basis as that of EPS except that the Group's profit and the weighted average number of ordinary shares have been adjusted for the dilution effects of all dilutive potential ordinary shares as shown below:-

	<b>Group</b>	
	<b>2004</b>	<b>2003</b>
	<b>\$'000</b>	<b>\$'000</b>
Group's profit used in the computation of EPS	118,537	91,813
Add : NCCPS dividends	1,478	2,392
Adjusted Group's profit used in the computation of fully diluted EPS	120,015	94,205

	<b>Group</b>	
	<b>2004</b>	<b>2003</b>
	<b>'000</b>	<b>'000</b>
Weighted average number of ordinary shares used in the computation of EPS	594,308	461,193
Assumed conversion of NCCPS	38,693	74,645
Adjusted weighted average number of ordinary shares used in the computation of fully diluted EPS	633,001	535,838

**29. DIVIDENDS**

	<b>Group and Company</b>	
	<b>2004</b>	<b>2003</b>
	<b>\$'000</b>	<b>\$'000</b>
Non-redeemable convertible cumulative preference dividend of 7 cents per preference share per annum, based on the issue price of \$1.00 per preference share less 22% tax	97	436
Non-redeemable convertible cumulative preference dividend of 4.5 cents per preference share per annum, based on the issue price of \$1.00 per preference share less tax at the following rates:-		
- 22%	1,379	1,956
- 20%	2	-
Final ordinary dividend paid of 8 cents (2003 : 5 cents) per ordinary share less 22% tax in respect of the previous financial year	38,141	15,863
	39,619	18,255

After the balance sheet date, the Directors proposed a final dividend of 8 cents (2003 : 8 cents) per ordinary share less tax at 20% (2003 : 22%) amounting to a net dividend of \$43,233,514 (2003 : \$38,141,119). The dividends have not been provided for.

## Notes to the Financial Statements

30 June 2004

### 30. EMPLOYEE BENEFITS

The GuocoLand Limited Executives' Share Option Scheme ("the Scheme") was approved and adopted by the members of the Company at an Extraordinary General Meeting held on 31 December 1998. The Scheme was further approved by The Stock Exchange of Hong Kong Limited and the shareholders of Guoco Group Limited, the intermediate holding company of the Company, at an Extraordinary General Meeting held on 1 February 1999. The Scheme is administered by a Committee of Directors comprising Mr Sat Pal Khattar and Mr Quek Leng Chan who were not participants in the Scheme during the financial year. Pursuant to the Scheme, Options were granted in respect of 5,380,000 unissued ordinary shares of \$1.00 each to key executives of the Company.

Other statutory information regarding the Scheme are set out below:-

- a. The exercise price of the Options is \$2.28 per ordinary share.
- b. The Options may be exercised under the following conditions:-
  - after the first anniversary of the date of grant of Options to executives who have been employed for at least one year as at the date of grant of Options;
  - after the second anniversary of the date of grant of Options to executives who have been employed for less than one year as at the date of grant of Options;

and in every case not later than the tenth anniversary of the date of grant of Options.
- c. The date of expiration of the Options is 26 April 2009 unless any such Option is cancelled or has lapsed.

As at the end of the financial year, the status of the Options was as follows:-

Name of Participants	Options Granted during Financial Year under Review	Aggregate Options Granted since Commencement of Scheme to End of Financial Year under Review	Aggregate Options	
			Exercised/ Lapsed since Commencement of Scheme to End of Financial Year under Review	Aggregate Options Outstanding as at End of Financial Year under Review
Executive Director, Quek Chee Hoon	-	2,000,000	-	2,000,000
Other Executives	-	3,380,000	1,940,000 (lapsed)	1,440,000
<b>Total</b>	<b>-</b>	<b>5,380,000</b>	<b>1,940,000 (lapsed)</b>	<b>3,440,000</b>



**31. RELATED PARTY TRANSACTIONS**

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or entities.

In addition to the related party information disclosed elsewhere in the financial statements including Notes 22, 23 and 25, there were the following significant related party transactions between the Group and related parties during the financial year:-

- a. Rental income of \$824,000 (2003 : \$750,000) was received for the financial year ended 30 June 2004 and will continue to be receivable by an investment holding subsidiary of the Group pursuant to a lease agreement entered into by this subsidiary with a company in which one of the directors has an interest.
- b. GuocoLand Management Pte. Ltd., a wholly-owned subsidiary of the Group, provided management services to related parties and the management fee income received for the financial year is as follows:-

	<b>Group</b>	
	<b>2004</b>	<b>2003</b>
	<b>\$'000</b>	<b>\$'000</b>
Immediate holding company	3	6
Associated companies	-	78
Related corporations	23	22
Related parties	15	22

- c. Guoco Investment Services Pte Ltd, a wholly-owned subsidiary of the Company's intermediate holding company, Guoco Group Limited ("GGL") provided fund management services to the Group for a fee of \$3,000 (2003 : \$39,000) for the financial year ended 30 June 2004.
- d. On 6 June 2003, the Company had announced its entry into a Management Agreement of the same date with GGL in respect of the provision of services by GGL to the Company, its subsidiaries and associated companies ("GGL Group"). The consideration for the provision of the services is HK\$50,000 per month ("Monthly Fee") plus an annual fee equal to 3% of the annual consolidated profits before tax of the GLL Group for each financial year ("Annual Fee"). The aggregate of the Monthly Fee and Annual Fee payable by GLL in each financial year shall not exceed 2% of the audited consolidated net tangible assets of the GLL Group for the relevant financial year. No Annual Fee is payable in the event the GLL Group incurs an audited consolidated loss before tax in any financial year. Three directors of the Company are directors and shareholders of GGL.
- e. The Company entered into a sale and purchase agreement with GGL and Hong Leong Company (Malaysia) Berhad ("HLCM") for the acquisition of an aggregate of 277,222,957 ordinary shares of RM0.50 each in the capital of Hong Leong Properties Berhad ("HLPB") representing approximately 39.58% of the issued share capital of HLPB, for a total consideration of S\$72,688,295.45 to be satisfied in full by the issue of 61,600,249 new ordinary shares of par value S\$1.00 each in the capital of the Company. Three of the directors of the Company are directors and/or shareholders of GGL and HLPB. Two of these directors are also directors and shareholders of HLCM.
- f. FCC Net Pte Ltd ("FCC Net"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement to acquire 4 ordinary shares of S\$1.00 each representing 40% of the issued and paid-up share capital of MyHome Online Pte Ltd (then a 60% subsidiary of FCC Net) from Queens Private Limited, a wholly-owned subsidiary of Hong Leong Holdings Limited ("HLHL"), which is in turn a subsidiary of Hong Leong Investment Holdings Pte Ltd ("HLIH"), which is recorded as a deemed substantial shareholder of the Company in the Company's Register of Substantial Shareholders. Two directors of the Company are shareholders of HLHL. One of these directors is also a director of HLHL and HLIH.

## 32. FINANCIAL INSTRUMENTS

### a. Financial Risk Management Objectives and Policies

The Group operates and generates a substantial part of its business from Singapore. The Group's activities expose it to some market risks, including the effects of changes in foreign currency exchange rates and interest rates. The Group's overall risk management program seeks to minimise the adverse effects caused by the unpredictability of financial markets on the financial performance of the Group.

Risk management is carried out by the Treasury Department of the Group under policies approved by the Executive Committee. The Executive Committee provides principles and guidelines for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, use of derivative financial instruments and investing excess liquidity.

Derivative financial instruments are used to reduce exposure to fluctuations in foreign exchange rates and interest rates. While these are subject to the risks of market rates changing subsequent to acquisition, such changes are generally offset by opposite effects on the items being hedged.

The Group's accounting policies in relation to the derivative financial instruments are set out in Note 2j.

### b. Foreign Currency Risk

The Group is exposed to foreign currency risk arising mainly from its borrowings in foreign currencies. The Group's policy is to minimise adverse effects on the financial performance of the Group as a result of volatility in foreign exchange rates. The Group generally hedges its borrowings in foreign currencies using forward exchange contracts with external parties. The contracts used in its hedging program have terms of 12 months or less.

The Group has overseas investments in China, Malaysia and India. Currency exposure to the Group's overseas investments is managed primarily at the Group level. Hedging strategies are included in the monthly reporting to the Executive Committee of the Company.

### c. Interest Rate Risk

The Group's policy is to minimise adverse effects on the financial performance of the Group as a result of changes in market interest rates. The Treasury Department evaluates, recommends and carries out hedge strategies that have been approved by the Executive Committee. The management of interest rate risk is reported and reviewed by the Executive Committee on a monthly basis. To obtain the most favourable overall finance cost, the Group uses interest rate swaps to hedge its interest rate exposure. Apart from cash and cash equivalents, the Group has no other significant interest-bearing assets.

### d. Credit Risk

The Group's exposure to credit risk is minimal as customers fund their purchases of residential housing units with mortgaged home loans from independent financial institutions.

Transactions involving derivative financial instruments are allowed only with counterparties that are of high credit quality. It is the Group's policy to enter into financial instruments with a diversity of creditworthy counterparties. As such, the Group does not expect any counterparty to fail to meet their obligations.

## 32. FINANCIAL INSTRUMENTS (cont'd)

## e. Fair Values

The aggregate net fair values of financial liabilities, which are not carried at fair value in the balance sheet are represented in the following table:-

	Carrying Amount 2004 \$'000	Fair Value 2004 \$'000	Carrying Amount 2003 \$'000	Fair Value 2003 \$'000
<b>Group</b>				
<b>Financial Liabilities (see Note 15)</b>				
Secured bank loans				
- S\$ floating rate loans	503,931	505,484	613,500	613,683
- S\$ fixed rate loan	-	-	42,000	43,129
- US\$ floating rate loan	522	522	-	-
Unsecured bank loans				
- S\$ floating rate loans	96,000	96,055	175,700	175,723
- S\$ floating rate notes	40,000	40,443	-	-
- S\$ fixed rate notes	232,621	236,902	217,539	223,008
- US\$ floating rate loans	107,538	107,933	4,404	4,406
- RMB floating rate loan	-	-	2,554	2,565
	980,612	987,339	1,055,697	1,062,514

**Company****Financial Liabilities (see Note 15)**

Secured bank loan				
- S\$ floating rate loan	10,000	10,040	-	-
Unsecured bank loans				
- S\$ floating rate loans	24,000	24,044	11,200	11,202
- S\$ floating rate notes	40,000	40,443	-	-
- S\$ fixed rate notes	232,621	236,902	217,539	223,008
- US\$ floating rate loans	21,508	21,593	4,404	4,406
	328,129	333,022	233,143	238,616

The fair value of the financial instruments is estimated using discounted cash flow analysis on the loan principal, including the interest due on the loans, based on current incremental lending rates for similar instruments at the balance sheet date.

It is not practicable to estimate the fair value of the unquoted securities and amounts due from/to subsidiaries, associated companies, related parties and minority shareholders of subsidiaries because of the inability to estimate fair value without incurring excessive costs. However, management believes that the carrying amounts recorded at balance sheet date reflect their corresponding fair value.

The carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables approximate the fair value due to the relatively short-term maturity of these financial assets and liabilities.

## Notes to the Financial Statements

30 June 2004

### 33. COMMITMENTS

- a. The future minimum lease rentals payable under non-cancellable operating leases are as follows:-

	Group	
	2004 \$'000	2003 \$'000
Within 1 year	325	587
After 1 year but within 5 years	528	-
	<u>853</u>	<u>587</u>

- b. The Group leases out its investment properties (see Note 4). The non-cancellable operating lease rentals are receivable as follows:-

	Group	
	2004 \$'000	2003 \$'000
Within 1 year	6,266	11,950
After 1 year but within 5 years	5,799	2,982
	<u>12,065</u>	<u>14,932</u>

- c. The commitment in respect of purchase of land by the Group is \$162,581,000 (2003 : \$13,036,000).

### 34. CONTINGENT LIABILITIES (UNSECURED)

The significant contingent liabilities of the Group and the Company are as follows:-

- a. There are the following guarantees given to financial institutions in connection with banking facilities granted to:-

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Subsidiaries	-	-	341,930	552,851
Associated companies	-	33,408	-	33,408
	<u>-</u>	<u>33,408</u>	<u>341,930</u>	<u>586,259</u>

- b. In the financial year ended 30 June 2003, a main contractor has made a claim against a subsidiary for approximately \$8.6 million for alleged unpaid balance contract sum and variation works/loss and expense. Pending arbitration proceedings, the subsidiary's lawyers have advised that the subsidiary has a good case in defending the claim.

**35. SEGMENT REPORTING**

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise assets, liabilities, income and expenses relating to financing activities, tax provisions and interest bearing fixed deposits.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

**a. Business Segments**

The Group comprises the following main business segments:-

Property development : Development of residential and commercial properties.

Property investment : Holding properties for rental income.

Equity investment : Investment in shares of other corporate entities.

Other operations : Holding investments in subsidiaries and associated companies and provision of management services.

**b. Geographical Segments**

The Group operates principally in Singapore.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

## Notes to the Financial Statements

30 June 2004

### 35. SEGMENT REPORTING (cont'd)

#### Business Segments

	Property Development \$'000	Property Investment \$'000	Equity Investment \$'000	Other Operations \$'000	Eliminations \$'000	Total \$'000
<b>Revenue and Expenses</b>						
<b>2004</b>						
Total revenue from external customers	283,221	13,353	527	2,960	-	300,061
Inter-segment revenue	-	657	-	135,938	(136,595)	-
Total revenue	283,221	14,010	527	138,898	(136,595)	300,061
Segment results	30,861	1,828	(7,857)	12,467	60,143	97,442
Unallocated income						3,411
Unallocated expenses						(1,249)
Profit from operations						99,604
Finance costs						(6,608)
Share of profit/(loss) from associated companies	4,472	18,816	(335)	56	-	23,009
Profit from ordinary activities before taxation						116,005
Income tax						6,186
Minority interests						(2,176)
Net profit for the year						120,015
<b>2003</b>						
Total revenue from external customers	338,111	16,465	4,641	5,637	-	364,854
Inter-segment revenue	-	696	-	111,788	(112,484)	-
Total revenue	338,111	17,161	4,641	117,425	(112,484)	364,854
Segment results	29,966	14,308	26,811	29,084	(4,498)	95,671
Unallocated income						8,204
Unallocated expenses						(892)
Profit from operations						102,983
Finance costs						(10,275)
Share of profit/(loss) from associated companies	188	25,899	(1,219)	(476)	-	24,392
Profit from ordinary activities before taxation						117,100
Income tax						(18,662)
Minority interests						(4,233)
Net profit for the year						94,205



## 35. SEGMENT REPORTING (cont'd)

## Business Segments (cont'd)

	Property Development \$'000	Property Investment \$'000	Equity Investment \$'000	Other Operations \$'000	Total \$'000
<b>Assets and Liabilities</b>					
<b>2004</b>					
Segment assets	1,060,299	308,303	158,001	336,230	1,862,833
Interests in associated companies	128,239	-	10	19,698	147,947
Unallocated assets					114,019
Total assets					<u>2,124,799</u>
Segment liabilities	694,462	7,970	605	4,619	707,656
Unallocated liabilities					402,709
Total liabilities					<u>1,110,365</u>
<b>Other Information</b>					
Capital expenditure	518	-	-	452	
Depreciation	357	-	-	453	
Non-cash expenses excluding depreciation	140	-	5,008	(170)	
<b>2003</b>					
Segment assets	1,144,004	319,476	166,699	6,427	1,636,606
Interests in associated companies	51,619	296,077	(1,344)	20,568	366,920
Unallocated assets					99,757
Total assets					<u>2,103,283</u>
Segment liabilities	893,202	7,195	924	5,360	906,681
Unallocated liabilities					274,098
Total liabilities					<u>1,180,779</u>
<b>Other Information</b>					
Capital expenditure	218	-	-	373	
Depreciation	310	-	-	456	
Non-cash expenses excluding depreciation	1	-	-	1	

## Notes to the Financial Statements

30 June 2004

### 35. SEGMENT REPORTING (cont'd)

#### Geographical Segments

	Total Revenue from External Customers	
	2004	2003
	\$'000	\$'000
Singapore	273,261	352,100
United Kingdom	2,163	2,044
The People's Republic of China	24,029	10,162
Malaysia	608	548
	<u>300,061</u>	<u>364,854</u>

	Segment Assets		Capital Expenditure	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Singapore	1,283,779	1,428,566	771	568
United Kingdom	334,723	296,475	-	-
The People's Republic of China	256,072	224,307	199	23
Malaysia	123,094	42,108	-	-
Other Regions	13,112	12,070	-	-
	<u>2,010,780</u>	<u>2,003,526</u>	<u>970</u>	<u>591</u>

## Shareholding statistics

as at 15 September 2004

AUTHORISED SHARE CAPITAL	:	S\$1,005,000,000
ISSUED AND FULLY PAID-UP CAPITAL		
ORDINARY SHARES OF S\$1.00 EACH FULLY PAID	:	S\$665,523,653
OUTSTANDING 4.5% NON-REDEEMABLE CONVERTIBLE		
CUMULATIVE PREFERENCE SHARES 2005 OF S\$0.01 EACH	:	S\$123,815
VOTING RIGHTS	:	ONE VOTE PER ORDINARY SHARE

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	NO. OF ORDINARY SHARES	% OF ORDINARY SHARES
1 - 999	156	59,199	0.01
1,000 - 10,000	5,055	19,275,068	2.90
10,001 - 1,000,000	876	41,414,717	6.22
1,000,001 & ABOVE	16	604,774,669	90.87
TOTAL	6,103	665,523,653	100.00

### TWENTY LARGEST SHAREHOLDERS

NAME OF SHAREHOLDERS	NO. OF ORDINARY SHARES	% OF ORDINARY SHARES
GUOCO INVESTMENT PTE LTD	345,696,942	51.94
UOB KAY HIAN PTE LTD	116,906,287	17.57
DBS NOMINEES PTE LTD	39,013,574	5.86
UNITED OVERSEAS BANK NOMINEES PTE LTD	20,160,659	3.03
KWEK LENG HAI	18,851,140	2.83
CITIBANK NOMINEES S'PORE PTE LTD	18,367,092	2.76
ING NOMINEES (S'PORE) PTE LTD	14,815,167	2.23
HL BANK NOMINEES (S) PTE LTD	11,641,862	1.75
G K GOH STOCKBROKERS PTE LTD	5,165,831	0.78
KIM ENG SECURITIES PTE LTD	3,543,167	0.53
OVERSEA CHINESE BANK NOMINEES PTE LTD	2,893,215	0.43
RAFFLES NOMINEES PTE LTD	2,260,733	0.34
OCBC SECURITIES PRIVATE LTD	1,576,000	0.24
LIM & TAN SECURITIES PTE LTD	1,445,000	0.22
MERRILL LYNCH (S'PORE) PTE LTD	1,229,000	0.18
MORGAN STANLEY ASIA (S'PORE) SECURITIES PTE LTD	1,209,000	0.18
SINGAPORE REINSURANCE CORPORATION LTD-SIF GENERAL	1,000,000	0.15
CITIBANK CONSUMER NOMINEES PTE LTD	949,000	0.14
ANG JWEE HERNG	800,000	0.12
DBS VICKERS SECURITIES (S) PTE LTD	800,000	0.12
TOTAL	608,323,669	91.40

### SHAREHOLDING IN THE HANDS OF THE PUBLIC AS AT 15 SEPTEMBER 2004

The percentage of shareholding in the hands of the public was approximately 23.76% of the issued and fully paid-up ordinary share capital of the Company. The Company has complied with Rule 723 of the SGX-ST Listing Manual which requires that an issuer must ensure that at least 10% of the equity securities (excluding preference shares and convertible equity securities) in a class that is listed is at all times held by the public.

## Shareholding statistics

as at 15 September 2004

### SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 15 SEPTEMBER 2004

Substantial Shareholders	Direct Interest Number of Shares	Deemed Interest Number of Shares
1. Asia Fountain Investment Company Limited	68,492,298	
2. Guoco Investment Pte Ltd	345,696,942	
3. Hong Leong Consultancy Services Sdn Bhd	44,045,989	
4. Dao Heng Enterprises Limited		* 68,492,298
5. Guoco Group Limited		** 414,739,240
6. GuoLine Overseas Limited		** 414,739,240
7. GuoLine Capital Assets Limited		** 414,739,240
8. HLCM Capital Sdn Bhd		*** 44,045,989
9. Hong Leong Company (Malaysia) Berhad		**** 459,288,229
10. HL Holdings Sdn Bhd		**** 459,288,229
11. Hong Leong Investment Holdings Pte. Ltd.		**** 459,288,229
12. Quek Leng Chan	14,047,224	**** 459,407,229
* deemed interest arising through Asia Fountain Investment Company Limited by virtue of Section 7 of the Companies Act, Cap 50.		
** deemed interest arising through Guoco Investment Pte Ltd and Asia Fountain Investment Company Limited by virtue of Section 7 of the Companies Act, Cap 50.		
*** deemed interest arising through Hong Leong Consultancy Services Sdn Bhd by virtue of Section 7 of the Companies Act.		
**** deemed interest arising through Guoco Group Limited and Hong Leong Consultancy Services Sdn Bhd by virtue of Section 7 of the Companies Act, Cap 50.		

## Shareholding statistics

as at 15 September 2004

OUTSTANDING 4.5% NON-REDEEMABLE CONVERTIBLE CUMULATIVE PREFERENCE SHARES 2005 ("NCCPS 2005")

SIZE OF SHAREHOLDINGS	NO. OF NCCPS HOLDERS	NO. OF NCCPS	% OF NCCPS
1 - 999	31	10,890	8.79
1,000 - 10,000	34	71,250	57.55
10,001 - 1,000,000	3	41,675	33.66
<b>TOTAL</b>	<b>68</b>	<b>123,815</b>	<b>100.00</b>

### TWENTY LARGEST NCCPS HOLDERS

NAME OF NCCPS HOLDERS	NO. OF NCCPS	% OF NCCPS
DBS NOMINEES PTE LTD	18,550	14.98
HNG KIAN SENG	13,000	10.50
OVERSEA CHINESE BANK NOMINEES PTE LTD	10,125	8.18
WAN PONG SENG	8,500	6.87
HL BANK NOMINEES (S) PTE LTD	7,500	6.06
CHEW WAH HENG ERIC	5,000	4.04
MALAYAN BANKING BERHAD	5,000	4.04
QUAH PHECK LIAN	3,000	2.42
THEAN HENG SIM	3,000	2.42
THEAN LIP PING	3,000	2.42
CHAI KO CHIM OR CHAI MING SAM	2,500	2.02
CHONG LEE HWA	2,500	2.02
HIEW SIEW NAM	2,250	1.82
YONG POH GEE	2,250	1.82
FONG SENG HONG	2,000	1.62
TAY TEOW SIANG	2,000	1.62
CITIBANK CONSUMER NOMINEES PTE LTD	1,500	1.21
LEE SHIH KWEI	1,500	1.21
HO JEE SOON BETTY NEE SEOW	1,250	1.00
KHER SUA ENG @ KHER SUN ENG	1,250	1.00
<b>TOTAL</b>	<b>95,675</b>	<b>77.27</b>

### INTERESTED PERSON TRANSACTIONS

In addition to the transactions set out in Notes 22, 23, 25 and 31 to the financial statements, the aggregate value of Interested Person Transactions (excluding transactions less than S\$100,000) entered into during the financial year is as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$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 S\$100,000)
Hong Leong Group Malaysia	S\$52,798,164	N.A.
Guoco Group Limited	S\$24,169,706	N.A.

## Notice of Annual General Meeting

Notice is hereby given that the 28th Annual General Meeting of GuocoLand Limited will be held at 80 Raffles Place #25-01 UOB Plaza 1, Singapore 048624 on 29 October 2004 at 10.30 am for the following purposes:-

### As Ordinary Business

- |    |  |   |
|----|--|---|
| 1. | To receive the Directors' Report and Audited Accounts of the Company for the financial year ended 30 June 2004   | <b>Resolution 1</b>   |
| 2. | To declare a First and Final Dividend of 8% less 20% Singapore income tax for the financial year ended 30 June 2004  | <b>Resolution 2</b>   |
| 3. | To approve Directors' fees of \$307,500 for the financial year ended 30 June 2004  | <b>Resolution 3</b>   |
| 4. | To re-elect the following Directors retiring in accordance with the Company's Articles of Association:-<br>Mr Quek Chee Hoon<br>Mr Kwek Leng Hai<br>Mr Goh Yong Hong<br>(Mr Goh Yong Hong will, upon re-election as a Director of the Company, remain as an independent member of the Audit Committee) | <b>Resolution 4</b><br><b>Resolution 5</b><br><b>Resolution 6</b> |
| 5. | To re-appoint KPMG as auditors of the Company and to authorise the Directors to fix their remuneration   | <b>Resolution 7</b>   |

### As Special Business

- |     |   |                        |
|-----|---|------------------------|
| 6.  | To consider and if thought fit, to pass the following Ordinary Resolutions:-  |                        |
| 6.1 | Authority to Issue Shares<br>"That pursuant to Section 161 of the Companies Act, Cap. 50, approval be and is hereby given to the Directors to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10 per cent of the issued share capital of the Company for the time being."   | <b>Resolution 8(a)</b> |
| 6.2 | Renewal of Share Purchase Mandate<br>a) "That for the purposes of Sections 76C and 76E of the Companies Act (Chapter 50) (the "Companies Act"), the exercise by the Directors of the Company of all powers of the Company to purchase or otherwise acquire ordinary shares of \$1.00 each ("Shares") in the issued share capital of the Company and/or non-redeemable preference shares of \$0.01 each ("Preference Shares") in the issued share capital of the Company, not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:-<br>i) market purchases (each a "Market Purchase") on the Singapore Exchange Securities Trading Limited ("SGX-ST"); and/or<br>ii) off-market purchases (each an "Off-Market Purchase") effected otherwise than on the SGX-ST in accordance with any equal access scheme as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,<br>and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Purchase Mandate"); |                        |



- b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:-
  - i) the date on which the next annual general meeting of the Company is held; or
  - ii) the date by which the next annual general meeting of the Company is required by law to be held;
- c) in this Resolution:-
  - “Prescribed Limit” means:-
    - i) ten per cent. (10%) of the issued ordinary share capital of the Company (in the case of Shares); and
    - ii) ten per cent. (10%) of the issued non-redeemable preference share capital of the Company (in the case of Preference Shares),as at the date of passing of this Resolution; and
  - “Maximum Price” in relation to a Share or Preference Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:-
    - i) in the case of a Market Purchase, five per cent. (5%) above the average of the closing market prices of the Shares or Preference Shares (as the case may be) over the five (5) market days, on which transactions in the Shares or Preference Shares (as the case may be) were recorded, before the day on which the Market Purchase was made by the Company, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) market days; and
    - ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, twenty per cent. (20%) above the average of the closing market prices of the Shares or Preference Shares (as the case may be) over the five (5) market days on which transactions in the Shares or Preference Shares (as the case may be) were recorded before the day on which the Company makes an announcement of an offer under an Off-Market Purchase scheme; and
- d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

### Resolution 8(b)

- 7. To transact any other business of an Annual General Meeting of which due notice shall have been given.

By Order of the Board

Dawn Pamela Lum  
Company Secretary  
Singapore

12 October 2004

## Notice of Annual General Meeting

### Notes:

A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 20 Collyer Quay #02-02 Tung Centre, Singapore 049319 not less than 48 hours before the time set for holding the Meeting.

### Notes to Special Business:

Resolution 8(a) is to empower the Directors to issue shares in the Company up to an amount not exceeding ten per cent (10%) of the issued share capital of the Company for the time being. This approval will expire at the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting of the Company is required to be held, whichever is earlier. The Directors would only issue shares under the resolution where they consider it appropriate and in the interests of the Company to do so.

Resolution 8(b) is to empower the Directors from the date of the above Meeting until the next Annual General Meeting is held or is required by law to be held, whichever is earlier, to repurchase ordinary shares of the Company by way of market purchases or off market purchases of up to ten per centum (10%) of the issued share capital of the Company at the Maximum Price. The Company intends to use internal sources of funds, or external borrowings or a combination of both to fund purchases of Shares pursuant to the Share Purchase Mandate. The amount of funds required for the Company to purchase or acquire its shares and the impact of the Company's financial position cannot be ascertained as at the date of this Notice as these will depend on factors such as the aggregate number of Shares purchased, the purchase price paid at the relevant time, and the manner in which the purchase is funded. The rationale for, the authority and limitation on, and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Purchase Mandate on the audited financial accounts of the Company and its subsidiaries for the financial year ended 30 June 2004 (for illustrative purposes only) are set out in greater detail in the Appendix to Notice of Annual General Meeting .

# GuocoLand Limited

## PROXY FORM

### - Notice of Annual General Meeting

#### CPF Investors

1. For investors who have used their CPF monies to buy shares, the annual report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

#### Holders of NCCPS

1. This annual report is forwarded to holders of NCCPS solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by holders of NCCPS and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We \_\_\_\_\_

of \_\_\_\_\_

being a member/members of GuocoLand Limited, hereby appoint

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

\*and/or (delete as appropriate)

--	--	--	--

or, failing him/her, the Chairman of the Twenty-Eighth Annual General Meeting of the Company ("AGM") as my/our proxy to vote for me/us on my/our behalf at the AGM to be held on Friday, 29 October 2004 at 10.30am and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific indication as to voting is given, the proxy may vote or abstain from voting at his/her discretion, as he/she will on any other matter arising at the AGM. If no person is named in the space above, the Chairman of the AGM shall be my/our proxy to vote, for or against the Resolutions to be proposed at the AGM as indicated below, for me/us and on my/our behalf at the AGM and at any adjournment thereof.

Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the Resolutions as set out in the Notice of Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit.

No.	Resolutions	For	Against
	<b>AS ORDINARY BUSINESS</b>		
1	To receive the Directors' Report and Audited Accounts of the Company for the financial year ended 30 June 2004		
2	To declare a First and Final Dividend		
3	To approve Director's fees		
4	To re-elect Mr Quek Chee Hoon as a Director		
5	To re-elect Mr Kwek Leng Hai as a Director		
6	To re-elect Mr Goh Yong Hong as a Director		
7	To re-appoint KPMG as auditors of the Company and to authorise the Directors to fix their remuneration		
	<b>AS SPECIAL BUSINESS</b>		
8(a)	To authorise the Directors to issue shares in the Company		
8(b)	To authorise the Renewal of Share Purchase Mandate		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2004

<b>Total Number of Ordinary Shares Held</b>	
a. CDP Register of Shareholders	
b. Register of Members	

\_\_\_\_\_  
Signature(s) of member(s)/common seal

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AFFIX  
STAMP  
HERE

Company Secretary  
**GuocoLand** Limited  
20 Collyer Quay #02-02  
Tung Centre  
Singapore 049319

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## Notes to Proxy Form

1. Please insert the total number of shares held by you. If you have Shares entered against your name in the Depository Register, you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this form of proxy will be deemed to relate to all the ordinary shares in the capital of the Company registered in your name(s).
2. A member entitled to attend and vote at a Meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him.
3. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 20 Collyer Quay, #02-02 Tung Centre, Singapore 049319, not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
4. Where a member appoints two proxies, the percentage of the shareholding represented by each such appointee should be specified. If no percentage is specified, the first named appointee shall be deemed to represent 100% of the shareholding and any second named appointee shall be deemed to be an alternate to the first named.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50. A copy of the said resolution, certified as true by an authorised officer of the Corporation, shall be affixed to the instrument of proxy.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

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**Guoco**Land Limited

20 Collyer Quay #02-02 Tung Centre Singapore 049319  
[www.guocoland.com.sg](http://www.guocoland.com.sg)