

## FINANCIAL REPORTS

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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 31 March 2004.

### DIRECTORS

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

Mr. Gonzaga Wei-Jen Li (Chairman)  
Mr. David John Lawrence (Managing Director/Chief Executive Officer)  
Mr. Richard Edward Hale  
Mr. Ng Tze Yuen  
Mr. Tan Keong Choon  
Mr. Tan Swan Jeng  
Mr. Paul Yiu-Cheung Tsui  
Mr. Frank Yung-Cheng Yung

In accordance with Article 109 of the Company's Articles of Association, Mr. Ng Tze Yuen retires by rotation and, being eligible, offers himself for re-election. In accordance with the provisions of Section 153(6) of the Companies Act, Chapter 50, Messrs. Gonzaga Wei-Jen Li, Tan Keong Choon and Frank Yung-Cheng Yung retire and, being eligible, offer themselves for re-appointment.

### SHARE BUY-BACKS

During the financial year, the Company obtained shareholders' approval to buy back a maximum of 10% of its ordinary shares from shareholders of the Company at prices of up to but not exceeding the maximum price as defined in the circular to shareholders dated 1 July 2003 for cancellation. No ordinary shares have been bought back by the Company during the financial year and the interval between the end of the financial year and the date of this report.

**DIRECTORS' INTERESTS**

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

Name of Director and corporation in which interests are held	Holdings in the name of the director, spouse or infant children		Other holdings in which the director is deemed to have an interest	
	At beginning of the financial year	At end of the financial year	At beginning of the financial year	At end of the financial year
<b>Marco Polo Developments Limited</b>				
<b>Ordinary shares of \$1 each</b>				
Mr. David John Lawrence	250,000	250,000	-	-
Mr. Richard Edward Hale	53,000	53,000	-	-
Mr. Tan Keong Choon	-	-	60,000	60,000
Mr. Frank Yung-Cheng Yung	30,000	30,000	-	-
<b>The Intermediate Holding Company</b>				
<b>New Asia Realty and Trust Company, Limited</b>				
<b>Ordinary shares of HK\$0.20 each</b>				
Mr. Gonzaga Wei-Jen Li	2,900	2,900	-	-
<b>The Ultimate Holding Company</b>				
<b>Wheelock and Company Limited</b>				
<b>Ordinary shares of HK\$0.50 each</b>				
Mr. Gonzaga Wei-Jen Li	1,486,491	1,486,491	-	-
Mr. Ng Tze Yuen	70,000	70,000	-	-

### DIRECTORS' INTERESTS (Cont'd)

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.

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

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the last financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member or with a company in which he has a substantial financial interest.

### SHARE OPTIONS

During the financial year, there were:

- (i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

## AUDIT COMMITTEE

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

Mr. Frank Yung-Cheng Yung (Chairman)

Mr. Richard Edward Hale

Mr. Tan Swan Jeng

Mr. Frank Yung-Cheng Yung, the Chairman of the Audit Committee, Mr. Richard Edward Hale and Mr. Tan Swan Jeng are non-executive directors of the Company who are independent of the Group and the Company's management.

The Audit Committee performs the functions set out in Section 201B(5) of the Companies Act, Chapter 50. In performing its functions, the Audit Committee reviewed the overall scope of both internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Group's system of internal controls. The consolidated financial statements of the Group and the financial statements of the Company for the financial year ended 31 March 2004 were reviewed by the Audit Committee prior to their submission to the directors of the Company for adoption.

The Audit Committee recommends KPMG for re-appointment as auditors of the Company by the shareholders for the ensuing financial year.

## AUDITORS

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

On behalf of the Board of Directors

**DAVID JOHN LAWRENCE**

**FRANK YUNG-CHENG YUNG**

SINGAPORE, 14 MAY 2004

## STATEMENT BY DIRECTORS

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In our opinion:

- (a) the financial statements set out on pages 32 to 62 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 31 March 2004 and of the results, changes in equity and cash flows of the Group 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

**DAVID JOHN LAWRENCE**

**FRANK YUNG-CHENG YUNG**

SINGAPORE, 14 MAY 2004

We have audited the accompanying financial statements of Marco Polo Developments Limited for the year ended 31 March 2004 as set out on pages 32 to 62. 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 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 31 March 2004 and of the results, changes in equity and cash flows of the Group 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, 14 MAY 2004

**BALANCE SHEETS** as at 31 March 2004

	Note	Group		Company	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
<b>Non-current assets</b>					
Plant and equipment	3	322	398	141	210
Investment property	4	356,000	356,000	-	-
Amounts due from subsidiaries	5	-	-	550,782	472,980
Interests in subsidiaries	6	-	-	220,741	201,987
Interests in associates	7	15,198	16,543	-	-
Investments	8	35,286	5,356	-	-
		<b>406,806</b>	<b>378,297</b>	<b>771,664</b>	<b>675,177</b>
<b>Current assets</b>					
Development properties	9	659,618	320,848	194,745	248,600
Investments	8	17,126	23,100	-	-
Trade and accrued receivables	10	48,691	69	48,629	-
Amounts due from:					
- related corporations	11	1,210	1,231	10	31
- associates	11	-	57	-	57
Other receivables	12	20,996	720	1,123	304
Cash and cash equivalents	13	423,986	628,990	145,949	147,006
		<b>1,171,627</b>	<b>975,015</b>	<b>390,456</b>	<b>395,998</b>
Less:					
<b>Current liabilities</b>					
Trade payables		30,870	38,099	15,327	16,192
Other payables	14	11,418	11,993	1,413	789
Current tax payable		11,811	46,495	253	309
		<b>54,099</b>	<b>96,587</b>	<b>16,993</b>	<b>17,290</b>
<b>Net current assets</b>		<b>1,117,528</b>	<b>878,428</b>	<b>373,463</b>	<b>378,708</b>
<b>Non-current liabilities</b>					
Bank loans (secured)	15	(390,000)	(195,000)	-	-
Amounts due to subsidiaries	5	-	-	(136,646)	(113,438)
Deferred tax liabilities	16	(8,769)	(8,257)	(11)	(29)
<b>Net assets</b>		<b>1,125,565</b>	<b>1,053,468</b>	<b>1,008,470</b>	<b>940,418</b>
<b>Share capital</b>	17	<b>398,853</b>	<b>398,853</b>	<b>398,853</b>	<b>398,853</b>
<b>Reserves</b>	18	<b>726,712</b>	<b>654,615</b>	<b>609,617</b>	<b>541,565</b>
<b>Shareholders' equity</b>		<b>1,125,565</b>	<b>1,053,468</b>	<b>1,008,470</b>	<b>940,418</b>

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

**PROFIT AND LOSS ACCOUNT** for the year ended 31 March 2004

	Note	2004 \$'000	Group 2003 \$'000
<b>Revenue</b>	19	<b>218,068</b>	224,335
Other income		<b>5,576</b>	11,846
		<b>223,644</b>	236,181
Direct costs and operating expenses		<b>(122,130)</b>	(91,890)
Selling and marketing expenses		<b>(369)</b>	(813)
Administrative and corporate expenses		<b>(2,993)</b>	(5,418)
Other operating expenses		<b>(2,411)</b>	(86,780)
<b>Profit from operations</b>	20	<b>95,741</b>	51,280
Finance costs	20(f)	<b>(3,285)</b>	(5,493)
Share of results of associates		<b>1,296</b>	(545)
<b>Profit from ordinary activities before taxation</b>		<b>93,752</b>	45,242
Income tax expense	21	<b>(3,911)</b>	370
<b>Net profit for the year</b>		<b>89,841</b>	45,612
<b>Earnings Per Share</b> (in cents)	22	<b>22.52</b>	11.44

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

**STATEMENT OF CHANGES IN EQUITY** for the year ended 31 March 2004

<b>Group</b>	Share capital \$'000	Capital reserve \$'000	Exchange fluctuation reserve \$'000	Accumulated profits \$'000	Total \$'000
At 1 April 2002	398,853	452	(82)	626,858	1,026,081
Exchange differences arising on equity accounting	-	-	441	-	441
Net profit for the year	-	-	-	45,612	45,612
Dividends	-	-	-	(18,666)	(18,666)
At 31 March 2003	398,853	452	359	653,804	1,053,468
Exchange differences arising on equity accounting	-	-	922	-	922
Net profit for the year	-	-	-	89,841	89,841
Dividends	-	-	-	(18,666)	(18,666)
At 31 March 2004	398,853	452	1,281	724,979	1,125,565
<b>Net gains not recognised in the profit and loss account</b>					
For the year ended 31 March 2003	-	-	441	-	441
For the year ended 31 March 2004	-	-	922	-	922

**STATEMENT OF CASH FLOWS** for the year ended 31 March 2004

	<b>2004</b> <b>\$'000</b>	2003 \$'000
<b>Operating activities</b>		
Profit from ordinary activities before taxation	<b>93,752</b>	45,242
Adjustments for:		
Depreciation of plant and equipment	<b>123</b>	137
Exchange (gain)/loss	<b>(1,967)</b>	143
Loss on disposal of plant and equipment	<b>73</b>	2
Fixtures, plant and equipment included in investment property written off	<b>120</b>	595
Interest expense	<b>3,248</b>	4,206
Interest income	<b>(4,715)</b>	(9,265)
Share of results of associates	<b>(1,296)</b>	545
(Write-back)/Allowance for diminution in value of development property	<b>(792)</b>	4,229
Revaluation (written back)/deficit on investment property	<b>(221)</b>	80,141
Gain on disposal of investments	<b>(82)</b>	(97)
Dividend income from investments	<b>(600)</b>	(227)
	<b>(6,109)</b>	80,409
Operating profit before working capital changes	<b>87,643</b>	125,651
Changes in working capital:		
Development properties	<b>(337,617)</b>	44,118
Trade and accrued receivables	<b>(48,623)</b>	96
Amounts due from related corporations	<b>21</b>	(8)
Amounts due from associates	<b>57</b>	14
Other receivables	<b>(17,281)</b>	1,004
Trade payables	<b>(6,720)</b>	1,727
Other payables	<b>647</b>	359
	<b>(409,516)</b>	47,310
Cash (utilised in)/generated from operations	<b>(321,873)</b>	172,961
Interest received	<b>4,807</b>	9,460
Net income tax paid	<b>(36,249)</b>	(185,670)
Dividends received	<b>176</b>	-
Dividends paid	<b>(18,666)</b>	(18,666)
<b>Cash flows from operating activities</b>	<b>(371,805)</b>	(21,915)
Balance carried forward	<b>(371,805)</b>	(21,915)

## STATEMENT OF CASH FLOWS for the year ended 31 March 2004

	Note	<b>2004</b> <b>\$'000</b>	2003 \$'000
Balance brought forward		<b>(371,805)</b>	(21,915)
<b>Financing activities</b>			
Repayment of bank loans		<b>(15,000)</b>	(225,000)
Drawdown of bank loans		<b>210,000</b>	195,000
Interest paid		<b>(3,754)</b>	(4,293)
<b>Cash flows from financing activities</b>		<b>191,246</b>	(34,293)
<b>Investing activities</b>			
Proceeds from sale of plant and equipment		<b>7</b>	-
Proceeds from sale of investments		<b>5,179</b>	8,925
Purchase of plant and equipment		<b>(215)</b>	(40)
Loan to an associate		<b>-</b>	(342)
Expenditure on investment property		<b>(408)</b>	(1,736)
Acquisition of investments		<b>(31,408)</b>	(23,197)
Dividends received		<b>2,400</b>	2,766
<b>Cash flows from investing activities</b>		<b>(24,445)</b>	(13,624)
<b>Net decrease in cash and cash equivalents</b>		<b>(205,004)</b>	(69,832)
Cash and cash equivalents at beginning of year		<b>628,990</b>	698,822
<b>Cash and cash equivalents at end of year</b>	13	<b>423,986</b>	628,990

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

*These notes form an integral part of the financial statements.*

The financial statements were authorised for issue by the directors on 14 May 2004.

## 1. DOMICILE AND ACTIVITIES

Marco Polo Developments Limited (the "Company") is incorporated in the Republic of Singapore and has its registered office at 501 Orchard Road, #04-01/03 Wheelock Place, Singapore 238880.

The principal activities of the Group and Company are those relating to property owners, developer and property managers. The Company also acts as a holding company and provides management services to its subsidiaries.

During the financial year, the immediate holding company is Star Attraction Limited, incorporated in the British Virgin Islands. The intermediate holding company is New Asia Realty and Trust Company, Limited and the ultimate holding company is Wheelock and Company Limited, both of which are incorporated in Hong Kong.

The consolidated financial statements relate to the Company and its subsidiaries (referred to as the "Group") and the Group's interests in associates.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards 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. This change has had no impact on the financial position of the Group and the Company.

The historical cost basis is used except that investment properties are stated at valuation. Amounts are expressed in thousands of Singapore dollars, unless stated otherwise.

### (b) Consolidation

Subsidiaries are those 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. Subsidiaries are consolidated with the Company in the Group's financial statements.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**(b) Consolidation (cont'd)**

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

Investments in associates are stated in the Company's balance sheet at cost, less impairment losses. In the Group's financial statements, associates are accounted for by using the equity method of accounting. The Group's investment in associates include goodwill (net of accumulated amortisation) on acquisition. When the Group's share of losses exceeds the carrying amount of the associate, the carrying amount is fully written down and further recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate.

**(c) Foreign Currencies**

*(i) Foreign currency transactions*

Monetary assets and liabilities in foreign currencies are translated into Singapore dollars 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.

*(ii) Foreign operations - subsidiaries*

The Group's foreign operations are considered as an integral part of the Company's operations. As a result, monetary assets and liabilities are translated to Singapore dollars at the rates of exchange ruling at the balance sheet date. Non-monetary assets and liabilities are translated at historical rates. The results of foreign operations are translated at the average exchange rates for the year. Exchange differences arising on translation are recognised in the profit and loss account.

*(iii) Foreign operations - associates*

The financial statements of the associates are translated into Singapore dollars at rates of exchange ruling at the balance sheet date. Translation differences arising on consolidation are taken directly to the exchange fluctuation reserve.

**(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, and major components that are accounted for separately over their estimated useful lives as follows:

Plant and equipment	-	10% to 33 <sup>1</sup> / <sub>3</sub> %
Furniture and fittings	-	20%
Motor vehicles	-	20%

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

### (e) Goodwill on Consolidation

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 arising on acquisitions of associates is included in investments in the associates. Goodwill is amortised in the profit and loss account using the straight-line method over its estimated useful life of not more than 20 years.

### (f) Investment Properties

Investment property accounted for as non-current assets is stated at fair value. The fair value is determined annually by the directors based on an independent professional valuation. Any increase in value is credited to the investment property revaluation reserve unless it offsets a previous decrease in value recognised in the profit and loss account. A decrease in value is recognised in the profit and loss account where it exceeds the increase previously recognised in the investment property revaluation reserve.

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 property revaluation reserve that relates to the property is transferred to the profit and loss account in calculating the gain or loss.

### (g) Derivatives

The Group uses derivative financial instruments, principally forward exchange contracts, to manage its exposure to foreign exchange arising from investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are stated at fair value, with any resultant gain or loss being recognised in the profit and loss account. The notional amounts of forward exchange contracts are not recognised in the financial statements.

The fair value is their indicative price at balance sheet date as quoted by banks.

### (h) Investments

Investments held for long term are stated at cost less allowance for diminutions in value which, in the opinion of the directors, are other than temporary.

Investments held for short term are stated at lower of cost or market value.

### (i) Development Properties

Development properties are those properties which are held with the intention of development and sale in the ordinary course of business. They are stated at the lower of cost plus attributable profit less proceeds on pre-sale received and receivable, and estimated net realisable value. Net realisable value represents the estimated selling price less cost to be incurred in selling the property.

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

### (i) Development Properties (cont'd)

Cost of properties under development comprise specifically identified costs, including land acquisition costs, development expenditure, borrowing costs and other related expenditure, less any allowance for diminution in value of property considered necessary by the directors. Borrowing costs payable on loans funding a development property are capitalised, on a specific identification basis, as a cost of the development property until the date of its practical completion, which is taken to be the date of issue of the Temporary Occupation Permit ("TOP").

When it is probable that total development costs will exceed total revenue, an allowance is recognised as an expense immediately.

Development properties are classified as current assets in the financial statements except where proceeds on pre-sale received and receivable exceed amounts recoverable, they are classified as current liabilities.

### (j) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand and which form an integral part of the Group's cash management.

### (k) Liabilities and Interest-Bearing Borrowings

Trade and other payables and interest-bearing borrowings are stated at cost.

### (l) Impairment

The carrying amounts of the Group's assets, other than development properties, 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 or its cash-generating unit exceeds its recoverable amount. An impairment loss in respect of investment property carried at revalued amount is recognised in the same way as a revaluation deficit. All other impairment losses are recognised in the profit and loss account.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of an impairment loss in respect of investment property carried at revalued amount is recognised in the same way as a revaluation surplus. All other reversals of impairment are recognised in the profit and loss account.

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

### (m) 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 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 associates, 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.

### (n) Revenue Recognition

Income is recognised in the financial statements on the following bases:-

#### (i) *Sale of development properties*

Profit on pre-sale of development properties is recognised using the percentage of completion method. The percentage of completion is measured by reference to the percentage of construction costs incurred at the balance sheet date to estimated total construction costs. Profits are only recognised in respect of finalised sales agreements and to the extent that such profits relate to the progress of the construction work.

#### (ii) *Rental income from operating leases*

Rental income receivable under operating leases is recognised in the profit and loss account on a straight line basis over the term of the lease, except to the extent that it is capitalised as part of the cost of development properties. Lease incentives granted are recognised as an integral part of the total rental income to be received.

#### (iii) *Services*

Income from the provision of services is recognised when the relevant services are provided.

#### (iv) *Dividends*

Dividend income is recognised in the profit and loss account when the shareholder's right to receive payment is established.

#### (v) *Interest income*

Interest income from bank deposits and debt securities is accrued on a time-apportioned basis.

### (o) Finance Costs

Interest expense and similar charges are expensed in the profit and loss account in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the cost of development properties.

**3. PLANT AND EQUIPMENT**

	Plant and equipment \$'000	Furniture and fixtures \$'000	Motor vehicles \$'000	Total \$'000
<b>Group</b>				
<b>Cost</b>				
At 1 April 2003	791	658	329	1,778
Additions	131	84	-	215
Disposals	(223)	(21)	-	(244)
At 31 March 2004	<b>699</b>	<b>721</b>	<b>329</b>	<b>1,749</b>
<b>Accumulated depreciation</b>				
At 1 April 2003	544	573	263	1,380
Depreciation for the year	103	42	66	211
Disposals	(144)	(20)	-	(164)
At 31 March 2004	<b>503</b>	<b>595</b>	<b>329</b>	<b>1,427</b>
<b>Carrying amount</b>				
At 31 March 2004	<b>196</b>	<b>126</b>	<b>-</b>	<b>322</b>
At 31 March 2003	247	85	66	398
<b>Company</b>				
<b>Cost</b>				
At 1 April 2003	296	520	329	1,145
Additions	39	32	-	71
Disposals	(20)	(19)	-	(39)
At 31 March 2004	<b>315</b>	<b>533</b>	<b>329</b>	<b>1,177</b>
<b>Accumulated depreciation</b>				
At 1 April 2003	226	446	263	935
Depreciation for the year	39	33	66	138
Disposals	(19)	(18)	-	(37)
At 31 March 2004	<b>246</b>	<b>461</b>	<b>329</b>	<b>1,036</b>
<b>Carrying amount</b>				
At 31 March 2004	<b>69</b>	<b>72</b>	<b>-</b>	<b>141</b>
At 31 March 2003	70	74	66	210

### 3. PLANT AND EQUIPMENT (Cont'd)

The depreciation charge for the year is included in the financial statements as follows:

	2004 \$'000	Group 2003 \$'000
Charged to profit and loss account	123	137
Capitalised to development properties	88	82
	<b>211</b>	219

### 4. INVESTMENT PROPERTY

	2004 \$'000	Group 2003 \$'000
Leasehold property, at valuation	<b>356,000</b>	356,000

Details of the leasehold property are:

Description	Site Area (sq. metre)	Tenure
Wheelock Place, comprising a 16-storey office tower, 5-level office and shopping podium, 2-basement levels of shops and carparks situated at 501 Orchard Road.	7,847	99 years leasehold commencing 15 September 1990

Wheelock Place is stated at Directors' valuation based on an independent professional valuation of \$356,000,000 (2003: \$356,000,000) carried out as at 31 March 2004, by CB Richard Ellis (Pte) Ltd, a firm of independent licenced property valuers at open market value on an existing use basis.

Wheelock Place is held for rental, mainly to external customers under operating leases.

Wheelock Place has been mortgaged to a bank to secure credit facilities (Note 15).

### 5. AMOUNT DUE FROM/(TO) SUBSIDIARIES

The amounts due from and to subsidiaries, which are mainly non-trade related, are interest-free and unsecured. There are no fixed terms of repayment for the amounts, however full repayment is not expected within twelve months of the balance sheet date.

6. INTERESTS IN SUBSIDIARIES

	Company	
	2004 \$'000	2003 \$'000
Investment in subsidiaries	275,000	273,000
Impairment losses	(54,259)	(71,013)
	<b>220,741</b>	201,987

The reversal of impairment losses of \$16,754,000 (2003: \$Nil) during the year was due to the improving operating results of the Company's investment in its subsidiary involved in property investment.

The recoverable amount of the asset is based on its net selling price, which is determined using the carrying value of the net assets of the subsidiary.

Details of the wholly-owned subsidiaries are as follows:

Name of subsidiary	Place of incorporation	Effective equity held by the Group	
		2004 %	2003 %
Actbilt Pte Limited	Singapore	100	100
@ Belgravia Holdings Pte Ltd	Singapore	-	100
* Belgravia Properties Pte. Ltd.	Singapore	100	-
Delightful Assets Limited	British Virgin Islands	100	100
Everbilt Developers Pte Ltd	Singapore	100	100
Firstbilt Pte Limited	Singapore	100	100
Marcobilt Developers Pte Ltd	Singapore	100	100
Marco Polo Realty Pte Limited	Singapore	100	100
# Mer Vue Developments Pte. Ltd.	Singapore	100	-
MP-Bilt Pte Ltd	Singapore	100	100

All the above subsidiaries are audited by KPMG Singapore.

@ *Belgravia Holdings Pte Ltd was liquidated on 11 April 2002.*

\* *Belgravia Properties Pte. Ltd. was incorporated on 19 November 2003.*

# *Mer Vue Developments Pte. Ltd. was incorporated on 4 August 2003.*

## 7. INTERESTS IN ASSOCIATES

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Investment in associates	<b>15,198</b>	16,543	<b>2,516</b>	2,516
Impairment losses	-	-	<b>(2,516)</b>	(2,516)
	<b>15,198</b>	16,543	-	-
Long term loan to an associate	<b>7,413</b>	7,413	<b>7,413</b>	7,413
Less:				
Allowance for loan receivable	<b>(7,413)</b>	(7,413)	<b>(7,413)</b>	(7,413)
	-	-	-	-
	<b>15,198</b>	16,543	-	-

Investment in associates include the following amount of goodwill:-

Movement in goodwill during the year:

	Group	
	2004 \$'000	2003 \$'000
At 1 April	<b>7,116</b>	8,935
Amortisation charge for the year	<b>(1,779)</b>	(1,819)
At 31 March	<b>5,337</b>	7,116

The amortisation of goodwill arising on the acquisition of associates is included in the share of results before tax of associates.

Details of the associates are as follows:

Name of associate	Principal activities	Place of incorporation and business	Effective equity held by the Group	
			2004 %	2003 %
Kim Realty Investment Pte Ltd	Hotel investor	Singapore	<b>30.00</b>	30.00
Hamptons Group Limited	Property agent	United Kingdom	<b>32.40</b>	32.40
HI Agencies Limited	Property agent	United Kingdom	<b>32.92</b>	32.92

**7. INTERESTS IN ASSOCIATES (Cont'd)****Kim Realty Investment Pte Ltd ("Kim Realty")**

The investment in Kim Realty is held by the Company.

Kim Realty, under a co-operative joint venture contract with the Xiamen Construction Project Corporation for Foreign Investment, owns a 50% interest in Xiamen Dongfang Hotel Company Limited, a corporation incorporated under the laws of The People's Republic of China ("PRC"), which developed and owns a hotel, The Marco Polo, Xiamen, since November 1996.

The loan to the associate is made under the terms of the shareholders' agreement with the other equity partners of Kim Realty, to provide finance for the construction of the hotel in Xiamen, PRC. The loan, denominated in US dollars, is interest-free and unsecured with no fixed term of repayment.

The financial statements of Kim Realty for the year ended 31 December 2003 were audited by PricewaterhouseCoopers.

**Hamptons Group Limited ("Hamptons")**

The Group's investment in Hamptons is held by Firstbilt Pte Limited.

The financial statements of Hamptons for the year ended 30 June 2003 were audited by Deloitte & Touche.

**HI Agencies Limited ("HIA")**

The Group's investment in HIA is held by Firstbilt Pte Limited.

HIA had not commenced operations as at 31 March 2004.

The financial statements of HIA for the year ended 30 June 2003 were audited by Deloitte & Touche.

**8. INVESTMENTS**

	Group		Market value	
	2004 \$'000	Cost 2003 \$'000	2004 \$'000	2003 \$'000
<b>Non-current investments</b>				
Marketable investments	<b>23,569</b>	5,356	<b>32,389</b>	4,345
Other investments	<b>11,717</b>	-	<b>11,859</b>	-
	<b>35,286</b>	5,356	<b>44,248</b>	4,345
<b>Current investments</b>				
Marketable investments	<b>17,126</b>	23,100	<b>17,126</b>	23,202

**9. DEVELOPMENT PROPERTIES**

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Properties under development:				
Costs	<b>826,408</b>	1,191,909	<b>321,298</b>	250,733
Add: Attributable profits	<b>68,974</b>	997,027	<b>68,974</b>	1,404
Less:				
Proceeds on pre-sale received and receivable	<b>(195,527)</b>	(1,827,059)	<b>(195,527)</b>	(3,537)
Allowance for diminution in value of development property	<b>(40,237)</b>	(41,029)	-	-
	<b>659,618</b>	320,848	<b>194,745</b>	248,600
Interest capitalised into development properties	<b>520</b>	64	-	64

9. DEVELOPMENT PROPERTIES (Cont'd)

Details of the development properties are:

Description	Site Area (Sq. metre)	Tenure
<p><b>Ardmore Park</b>, Singapore, comprising 330 condominium units situated at 9, 11, 15 Ardmore Park.</p> <p>TOP was issued in May 2001 and Certificate of Statutory Completion was obtained in October 2001. The project has been completely sold.</p>	32,062	Freehold
<p><b>Grange Residences</b>, Singapore, a condominium development situated at Tanglin Road/Grange Road. The project is 37% sold.</p> <p>TOP was issued in March 2004.</p>	15,515	Freehold
<p><b>Ardmore View</b>, Singapore, a condominium development situated at 2B Ardmore Park.</p> <p>Planning permission has been obtained.</p>	4,099	Freehold
<p><b>The Sea View</b>, Singapore, a condominium development situated at 26 Amber Close.</p> <p>Planning permission has been obtained.</p>	30,341	Freehold
<p><b>Times House Site</b>, Singapore, a condominium development situated at 390 Kim Seng Road.</p> <p>Planning permission has been obtained.</p>	10,485	Freehold

**10. TRADE AND ACCRUED RECEIVABLES**

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Trade receivables	<b>17,013</b>	81	<b>16,949</b>	-
Less:				
Allowance for doubtful receivables	<b>(2)</b>	(12)	-	-
	<b>17,011</b>	69	<b>16,949</b>	-
Accrued receivables	<b>31,680</b>	-	<b>31,680</b>	-
	<b>48,691</b>	69	<b>48,629</b>	-

Accrued receivables represent the remaining balances of sales consideration to be billed. In accordance with the Group's accounting policy, income is recognised on the progress of the construction work.

**11. AMOUNTS DUE FROM RELATED CORPORATIONS AND ASSOCIATES**

The amounts due from related corporations and associates, which are principally non-trade related, are interest-free and unsecured, with no fixed terms of repayment.

**12. OTHER RECEIVABLES**

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Goods and services tax recoverable	<b>16,025</b>	-	-	-
Positive mark to market adjustments arising from foreign exchange contracts	<b>3,088</b>	-	-	-
Prepaid expenses, deposits and others	<b>1,883</b>	720	<b>1,123</b>	304
	<b>20,996</b>	720	<b>1,123</b>	304

**13. CASH AND CASH EQUIVALENTS**

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Fixed deposits at banks	<b>423,786</b>	628,749	<b>145,888</b>	146,924
Cash at banks and in hand	<b>200</b>	241	<b>61</b>	82
	<b>423,986</b>	628,990	<b>145,949</b>	147,006

**14. OTHER PAYABLES**

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Accrued expenses	1,836	1,139	1,134	505
Deposits	8,005	7,812	18	25
Negative mark to market adjustments arising from foreign exchange contracts	-	1,236	-	-
Others	1,577	1,806	261	259
	<b>11,418</b>	11,993	<b>1,413</b>	789

**15. BANK LOANS (SECURED)**

The bank loans are generally secured by mortgages over the Group's investment and development properties, legal assignment of all rights, titles, interests and benefits under contracts in respect of the properties and corporate guarantees issued by the Company.

Interest has been charged at 1.34% to 1.87% (2003: 1.62% to 2.43%) per annum during the year.

**16. DEFERRED TAX**

Movements in deferred tax liabilities during the year are as follows:

	At 1 Apr 2003 \$'000	Transfer to profit and loss account \$'000	At 31 Mar 2004 \$'000
<b>Group</b>			
<b>Deferred tax liabilities</b>			
Plant and equipment	40	(25)	15
Investment property	8,091	450	8,541
Others	126	87	213
Total	8,257	512	8,769
<b>Company</b>			
<b>Deferred tax liabilities</b>			
Plant and equipment	29	(18)	11

**17. SHARE CAPITAL**

	Company			
	2004		2003	
	No. of shares ('000)	\$'000	No. of shares ('000)	\$'000
<b>Authorised:-</b>				
Ordinary shares of \$1 each	<b>600,000</b>	<b>600,000</b>	600,000	600,000
<b>Issued and fully paid:-</b>				
Ordinary shares of \$1 each	<b>398,853</b>	<b>398,853</b>	398,853	398,853

**18. RESERVES**

	Group	
	2004 \$'000	2003 \$'000
Capital reserve	<b>452</b>	452
Exchange fluctuation reserve	<b>1,281</b>	359
	<b>1,733</b>	811
Accumulated profits	<b>724,979</b>	653,804
	<b>726,712</b>	654,615

The capital reserve comprises the Group's share of the share premium of an associate.

The exchange fluctuation reserve comprises exchange differences arising on equity accounting.

Movements in reserves for the Group are set out in the Consolidated Statement of Changes in Equity.

The reserves of the Company represents accumulated profits.

As at balance sheet date, the Company has available tax credits of approximately \$182.6 million (2003: \$188.5 million), subject to agreement with the Inland Revenue Authority of Singapore.

## 19. SEGMENT REPORTING

Segment information is presented in respect of the Group's business and geographical segments. The business segments are 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.

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

### Business Segments

The Group comprises the following main business segments:-

Property development: The development, construction and sale of development properties.

Property investment: The holding and management of investment property.

### Geographical Segments

The operations of the Group are principally located in Singapore. The Group's turnover and net profit for the year are derived principally from its operations as a property owner and developer in Singapore.

As at 31 March 2004, except for fixed deposits held with regulated financial institutions and investments of approximately \$245 million and \$52 million respectively (2003: \$389 million and \$28 million) which were held by Delightful Assets Limited outside Singapore, the Group's assets and liabilities are principally located in Singapore.

**19. SEGMENT REPORTING** (Cont'd)**Business Segments**

	Property Development \$'000	Property Investment \$'000	Other Operations \$'000	Eliminations \$'000	Group Consolidated \$'000
<b>Revenue and Expenses</b>					
<b>2004</b>					
Sales	<b>189,837</b>	-	-	-	<b>189,837</b>
Rental	-	<b>28,231</b>	-	-	<b>28,231</b>
Total revenue from external customers	<b>189,837</b>	<b>28,231</b>	-	-	<b>218,068</b>
Inter-segment revenue	-	<b>1,029</b>	<b>2,711</b>	<b>(3,740)</b>	-
Total revenue	<b>189,837</b>	<b>29,260</b>	<b>2,711</b>	<b>(3,740)</b>	<b>218,068</b>
Segment results	<b>72,612</b>	<b>22,603</b>	<b>345</b>	<b>181</b>	<b>95,741</b>
Profit from operations	-	-	-	-	<b>95,741</b>
Financing costs	-	-	-	-	<b>(3,285)</b>
Share of results of associates	-	-	<b>1,296</b>	-	<b>1,296</b>
Taxation	-	-	-	-	<b>(3,911)</b>
Net profit for the year	<b>72,612</b>	<b>22,603</b>	<b>1,641</b>	<b>181</b>	<b>89,841</b>
<b>2003</b>					
Sales	196,875	-	-	-	196,875
Rental	-	27,460	-	-	27,460
Total revenue from external customers	196,875	27,460	-	-	224,335
Inter-segment revenue	-	1,036	3,327	(4,363)	-
Total revenue	196,875	28,496	3,327	(4,363)	224,335
Segment results	110,967	(59,247)	(1,779)	1,339	51,280
Profit from operations	-	-	-	-	51,280
Financing costs	-	-	-	-	(5,493)
Share of results of associates	-	-	(545)	-	(545)
Taxation	-	-	-	-	370
Net profit for the year	110,967	(59,247)	(2,324)	1,339	45,612

**19. SEGMENT REPORTING** (Cont'd)

**Business Segments** (cont'd)

	Property Development \$'000	Property Investment \$'000	Other Operations \$'000	Group Consolidated \$'000
<b>Assets and Liabilities</b>				
<b>2004</b>				
Segment assets	<b>1,193,738</b>	<b>368,266</b>	<b>1,231</b>	<b>1,563,235</b>
Interests in associates	-	-	<b>15,198</b>	<b>15,198</b>
Total assets	<b>1,193,738</b>	<b>368,266</b>	<b>16,429</b>	<b>1,578,433</b>
Segment liabilities	<b>(239,622)</b>	<b>(191,641)</b>	<b>(1,025)</b>	<b>(432,288)</b>
Taxation				<b>(20,580)</b>
Total liabilities				<b>(452,868)</b>
<b>2003</b>				
Segment assets	966,726	368,136	1,907	1,336,769
Interests in associates	-	-	16,543	16,543
Total assets	966,726	368,136	18,450	1,353,312
Segment liabilities	(36,317)	(207,837)	(938)	(245,092)
Taxation				(54,752)
Total liabilities				(299,844)
<b>Cash Flows</b>				
<b>2004</b>				
Cash flows from:				
Operating activities	<b>(370,490)</b>	<b>19,191</b>	<b>(20,506)</b>	<b>(371,805)</b>
Investing activities	<b>(25,820)</b>	<b>(544)</b>	<b>1,919</b>	<b>(24,445)</b>
Financing activities	<b>210,000</b>	<b>(18,754)</b>	-	<b>191,246</b>
<b>2003</b>				
Cash flows from:				
Operating activities	(25,374)	22,313	(18,854)	(21,915)
Investing activities	(14,283)	(1,745)	2,404	(13,624)
Financing activities	-	(34,293)	-	(34,293)

**19. SEGMENT REPORTING** (Cont'd)**Business Segments** (cont'd)

	Property Development \$'000	Property Investment \$'000	Other Operations \$'000	Group Consolidated \$'000
<b>Other segmental information</b>				
<b>2004</b>				
Capital expenditure	<b>(16)</b>	<b>(551)</b>	<b>(56)</b>	<b>(623)</b>
Impairment losses written back	-	<b>(221)</b>	-	<b>(221)</b>
<b>2003</b>				
Capital expenditure	(11)	(1,745)	(20)	(1,776)
Impairment losses	-	80,141	-	80,141

**20. PROFIT FROM OPERATIONS**

(a) The following items have been charged or (credited) in arriving at profit from operations:

	Note	2004 \$'000	Group 2003 \$'000
(Write-back)/Allowance for diminution in value of development property		<b>(792)</b>	4,229
Amortisation charge on goodwill	7	<b>1,779</b>	1,819
Non-audit fees paid to auditors of the Company	20 (d)	<b>38</b>	89
Non-audit fees paid to other auditors		<b>11</b>	-
Depreciation of plant and equipment	3	<b>123</b>	137
Directors' remuneration	20(e)	<b>282</b>	566
Dividend income from investments		<b>(600)</b>	(227)
Exchange loss/(gain) on			
- long-term loan to an associate		-	277
- others		<b>3,064</b>	(2,435)
Fixtures, plant and equipment included in investment property written off		<b>120</b>	595
Gain on disposal of investments		<b>(82)</b>	(97)
Interest income	20(b)	<b>(4,715)</b>	(9,265)
Revaluation (written back)/deficit on investment property		<b>(221)</b>	80,141
Staff costs	20(c)	<b>2,797</b>	3,506

The number of employees as at 31 March 2004 for the Group was 59 (2003: 57).

20. PROFIT FROM OPERATIONS (Cont'd)

	Group	
	2004 \$'000	2003 \$'000
(b) Interest income		
Interest income		
- fixed deposits	4,659	8,121
- others	88	1,178
	<b>4,747</b>	9,299
- capitalised into development properties	<b>(32)</b>	(34)
- credited to profit and loss account	<b>4,715</b>	9,265
(c) Staff costs		
Wages, salaries and benefits-in-kind	4,617	4,637
Contributions to Central Provident Fund	467	499
	<b>5,084</b>	5,136
- capitalised into development properties	<b>(2,287)</b>	(1,630)
- charged to profit and loss account	<b>2,797</b>	3,506
(d) Non-audit fees paid to auditors of the Company		
Non-audit fees:	56	122
- capitalised into development properties	<b>(18)</b>	(33)
- charged to profit and loss account	<b>38</b>	89
(e) Directors' remuneration		
Directors' remuneration	487	909
- capitalised into development properties	<b>(205)</b>	(343)
- charged to profit and loss account	<b>282</b>	566
Company's directors receiving remuneration from the Group:		
	<b>2004</b>	2003
Remuneration of:		
\$500,000 and above	-	1
\$250,000 to \$499,999	1	-
Below \$250,000	7	7
	<b>8</b>	8

**20. PROFIT FROM OPERATIONS (Cont'd)**

	Group	
	2004	2003
	\$'000	\$'000
(f) Finance costs		
Interest on borrowings paid and payable to banks	<b>3,768</b>	4,270
Other financing costs	<b>1,912</b>	1,737
	<b>5,680</b>	6,007
- capitalised into development properties	<b>(2,395)</b>	(514)
- charged to profit and loss account	<b>3,285</b>	5,493

Borrowing costs were capitalised at rates between 1.34% - 1.50% (2003: 1.36% - 2.16%) per annum in 2004.

**21. INCOME TAXES**

	Group	
	2004	2003
	\$'000	\$'000
<b>Current tax expenses</b>		
Current year	<b>3,930</b>	37,244
Reduction in tax rate	-	(21,200)
Over provided in prior years	<b>(2,119)</b>	(2,016)
	<b>1,811</b>	14,028
<b>Deferred tax expenses</b>		
Movement in temporary difference	<b>812</b>	(8,795)
Reduction in tax rate	<b>(751)</b>	(2,464)
Under/(over) provided in prior years	<b>451</b>	(4,633)
	<b>512</b>	(15,892)
Share of taxation:		
- associates	<b>1,588</b>	1,494
Income tax expense/(credit)	<b>3,911</b>	(370)

**21. INCOME TAXES** (Cont'd)

*Reconciliation of tax charge*

	Group	
	2004	2003
	\$'000	\$'000
Profit from ordinary activities before taxation	<b>93,752</b>	45,242
Income tax using Singapore tax rates of 20% (2003: 22%)	<b>18,750</b>	9,953
Income exempted from taxation	<b>(420)</b>	(2,021)
Income not giving rise to tax liability	<b>(13,397)</b>	-
Effect of tax rates in foreign jurisdictions	<b>972</b>	669
Non-deductible expenses	<b>324</b>	21,698
Effect of reduction in tax rates	<b>(751)</b>	(23,664)
Over provided in prior years	<b>(1,668)</b>	(6,649)
Others	<b>101</b>	(356)
	<b>3,911</b>	(370)

**22. EARNINGS PER SHARE**

	Group	
	2004	2003
	\$'000	\$'000
Earnings per share is based on:-		
i) Net profit for the year	<b>89,841</b>	45,612
ii) Number of shares outstanding as at 31 March	<b>398,853</b>	398,853

**23. CHANGE IN ACCOUNTING ESTIMATE**

In the previous year, the Group's profit on pre-sale of development properties was recognised over the course of the development and was calculated each year as a proportion of the total estimated profit to completion; the proportion used being the lower of the proportion of construction costs incurred at the balance sheet date to estimated total construction costs and the proportion of sales proceeds received and receivable at the balance sheet date to total estimated sales. Refer to note 2 (n) (i) for current year's policy.

The change has resulted in an increase in the profit for the year of \$11 million.

**24. DIVIDENDS**

	Group and Company	
	2004	2003
	\$'000	\$'000
Final dividend paid of 4.5 cents per share less tax at 22% in respect of 2003 and 2002	<b>14,000</b>	14,000
Interim dividend paid of 1.5 cents per share less tax at 22% (2003: 22%)	<b>4,666</b>	4,666
	<b>18,666</b>	18,666

After the balance sheet date, the Directors proposed the following dividends. The dividends have not been provided for.

	2004	2003
	\$'000	\$'000
Final dividend proposed of 4.5 cents (2003: 4.5 cents) per share less tax at 20% (2003: 22%)	<b>14,359</b>	14,000

**25. COMMITMENTS**

	Group		Company	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Capital commitments contracted but not provided for	<b>41,827</b>	68,363	<b>9,556</b>	67,737

The Group leases out its investment property, Wheelock Place and development properties, The Sea View and Ardmore View. Non-cancellable operating lease rentals are receivable as follows:-

	Group	
	2004	2003
	\$'000	\$'000
Within one year	<b>22,111</b>	23,007
After one year, but within five years	<b>17,430</b>	26,291
	<b>39,541</b>	49,298

## 26. SIGNIFICANT RELATED PARTY TRANSACTIONS

### Identity of related parties

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 other entities.

During the year, apart from directors' remuneration disclosed in Note 20, there were no other significant related party transactions.

## 27. FINANCIAL INSTRUMENTS

### (a) Financial risk management objectives and policies

Exposure to market risks, including credit, interest rate and currency risk arises in the normal course of the Group's business. The Group has in place established policies on matters relating to financial control, financial performance and risk management procedures. The Group's risk management policies seek to minimise potential adverse effects on the financial performance of the Group.

The Group uses derivative financial instruments, principally forward exchange contracts, to hedge its exposure to foreign exchange risks arising from certain investment activities. It is the Group's policy not to trade in derivative contracts.

### (b) Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Investments are mainly in liquid securities like fixed deposits and securities with active primary and secondary listings and placed with a diversity of creditworthy financial institutions. Transactions involving derivative financial instruments are with financial institutions that are also of high credit ratings. Given their high credit ratings, management does not expect any counterparty to fail to meet its obligations.

The Group's maximum exposure to credit risk is represented by the carrying amount of each financial asset, net of any provision for losses, in the balance sheet. The maximum credit risk exposure for forward foreign exchange contracts is limited to the fair value adjustments of the foreign currency contracts at any point in time.

### (c) Interest rate risk

The Group's exposure to market risk for changes in interest rates relate primarily to the Group's investment portfolio and debt obligations with financial institutions. Interest rates on investments and borrowings are determined based on prevailing market rates. The Group does not use derivative financial instruments to hedge interest rate risks.

## 27. FINANCIAL INSTRUMENTS (Cont'd)

### (c) Interest rate risk (cont'd)

#### *Effective interest rates and repricing analysis*

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at balance sheet date and the periods in which they reprice.

	Note	2004		2003	
		Effective interest rates %	Within 1 year \$'000	Effective interest rates %	Within 1 year \$'000
<b>Group</b>					
<b>Financial assets</b>					
Marketable investments	8	-	-	2.88	5,214
Cash and cash equivalents	13	<b>0.13 - 1.11</b>	<b>423,796</b>	0.56 - 1.39	<u>628,749</u>
			<b>423,796</b>		<u>633,963</u>
<b>Financial liabilities</b>					
Secured bank loans	15	<b>1.34 - 1.56</b>	<b>(390,000)</b>	1.68	<u>(195,000)</u>
Total			<b><u>33,796</u></b>		<u>438,963</u>
<b>Company</b>					
<b>Financial assets</b>					
Cash and cash equivalents	13	<b>0.38 - 0.50</b>	<b><u>145,888</u></b>	0.56 - 0.63	<u>146,924</u>

Marketable investments and fixed deposits which are included in cash and cash equivalents bear interest at a fixed rate.

### (d) Foreign currency risk

The Group has exposure to foreign currency risk as a result of its investment activities in foreign currency fixed deposits, investment and investments in associated companies operating overseas. The currencies giving rise to this risk are primarily US Dollars and Pounds Sterling.

The Group uses forward exchange contracts to hedge certain of its foreign currency risk. Most of the forward exchange contracts have maturities of less than three months after the balance sheet date. Where necessary, the forward exchange contracts are rolled over at maturity.

**27. FINANCIAL INSTRUMENTS** (Cont'd)

**(e) Fair values**

Except as disclosed in Note 8 and in respect of bank loans and non-trade related balances with subsidiaries, the carrying amounts of financial assets and liabilities approximated their fair values as at 31 March 2004. The market values of the marketable investments as disclosed in Note 8 approximate the fair values at the balance sheet date.

For bank loans and non-trade related balances with subsidiaries, it is not practical to estimate the fair value due principally to a lack of fixed repayment terms and without incurring excessive costs. However, the Company does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

**(f) Derivative financial instruments**

In accordance with the Group's policy as stated in note 2(g), the notional amounts of forward exchange contracts not recognised are as follows:

<b>Group</b>	Notional amount \$'000
<b>2004</b>	
Forward foreign exchange contracts	<u>307,000</u>
<b>2003</b>	
Forward foreign exchange contracts	<u>400,000</u>

**28. CONTINGENT LIABILITIES**

**Group**

The Company has issued several guarantees to financial institutions for credit facilities granted to Xiamen Dongfang Hotel Company Limited under a shareholders' agreement of the Company's associate, Kim Realty. The credit facilities are secured by a first legal mortgage over the property of Xiamen Marco Polo Hotel. In the event the mortgaged property is not sold within 24 months from the date of default, the Company's guarantee extends to 30% (or such other increased shareholding as the Company may have in Kim Realty) of the total facilities and interest payments of US\$27,000,000 (2003: US\$27,000,000) equivalent to \$45,196,000 (2003: \$47,700,000) at year-end exchange rates. The amount outstanding under the facilities attributable to the guarantee as at 31 March 2004 was US\$23,826,000 (2003: US\$25,700,000), equivalent to \$39,883,000 (2003: \$45,400,000).

**Company**

The Company has provided guarantees of \$665,801,000 (2003: \$210,000,000) to financial institutions for loan facilities granted to its subsidiaries. As at 31 March 2004, the amount outstanding under these facilities was \$393,790,000 (2003: \$195,000,000).

Property Name/ Location	Held by	Site Area (Sq. metre)	Tenure	Approximate Gross Floor Area (Sq. metre)	Date of Completion	% Owned
<b>Investment Property</b>						
<i>Wheelock Place</i> comprising 16-storey office tower, 5-level office and shopping podium, 2-basement levels of shops & carparks situated at 501 Orchard Road	Everbilt Developers Pte Ltd	7,847	99 years lease commencing from 15.09.1990	43,200	Completed	100
<b>Development Properties</b>						
<i>Grange Residences</i> a condominium development situated at Tanglin Road/ Grange Road	Marco Polo Developments Limited	15,515	Freehold	45,400	Completed	63
<i>Ardmore View</i> comprising 29 residential units within a prime condominium development situated at 2B Ardmore Park	Actbilt Pte Limited	4,099	Freehold	8,600 (Strata Area)	2008	100
<i>The Sea View</i> a condominium development situated at 26 Amber Close	Mer Vue Developments Pte. Ltd.	30,341	Freehold	63,716	2007	100
<i>Times House Site</i> a condominium development situated at 390 Kim Seng Road	Belgravia Properties Pte. Ltd.	10,485	Freehold	29,358	2007	100

**BOARD OF DIRECTORS**

Gonzaga W. J. Li  
*Chairman*

David J. Lawrence  
*Managing Director/CEO*

Richard E. Hale  
Ng Tze Yuen  
Tan Keong Choon  
Tan Swan Jeng  
Paul Y. C. Tsui  
Frank Y. C. Yung

**AUDIT COMMITTEE**

Frank Y. C. Yung  
*Chairman*

Richard E. Hale  
Tan Swan Jeng

**NOMINATING COMMITTEE**

Tan Swan Jeng  
*Chairman*

Tan Keong Choon  
David J. Lawrence

**REMUNERATION COMMITTEE**

Richard E. Hale  
*Chairman*

Tan Swan Jeng  
Frank Y. C. Yung

**COMPANY SECRETARY**

Pauline Tham Su Mei

**SENIOR MANAGEMENT TEAM**

Ng Guan Tiong  
*General Manager,  
Property Development*

Pauline Tham Su Mei  
*General Manager,  
Finance & Administration/  
Company Secretary*

Tan Bee Kim  
*General Manager,  
Marketing*

Tan Zing Yan  
*General Manager,  
Strategic Asset Management  
& Planning*

Loke Mo Yue  
*General Manager,  
Architecture & Design*

**AUDITORS**

KPMG  
*Certified Public Accountants,  
Singapore  
(Mr Paul Barley, Partner-in-charge since financial year ended 31 March 2003)*

**PRINCIPAL BANKERS**

The Hongkong and Shanghai  
Banking Corporation Limited

Oversea-Chinese Banking  
Corporation Limited

DBS Bank Ltd

Sumitomo Mitsui Banking  
Corporation, Singapore Branch

Standard Chartered Bank

**SOLICITORS**

Lee & Lee  
Engelin Teh Practice LLC  
Wong Thomas & Leong

**REGISTRARS**

M & C Services Private Limited  
138 Robinson Road #17-00  
The Corporate Office  
Singapore 068906  
General Line: 6227 6660

**REGISTERED OFFICE**

501 Orchard Road  
#04-01/03 Wheelock Place  
Singapore 238880  
General Line: 6738 8660  
Fax No.: 6735 9833  
www.mpd.com

## SHAREHOLDING STATISTICS as at 3 June 2004

Authorised share capital	:	\$600,000,000
Issued and fully paid-up capital	:	\$398,853,292
Class of Share	:	Ordinary Shares of S\$1.00 each
Voting Rights	:	One vote per Ordinary Share

### Substantial Shareholders (as shown in the Register of Substantial Shareholders)

	No. of Shares		%
	Direct Interests	Deemed Interests	
Star Attraction Limited	300,751,582	-	75.40
New Asia Realty and Trust Company, Limited	-	300,751,582	75.40
Wheelock and Company Limited	-	300,751,582	75.40

#### Notes:

- (i) Star Attraction Limited ("SAL") is a wholly owned subsidiary of New Asia Realty and Trust Company, Limited ("NART"). Accordingly, pursuant to Section 7 of the Companies Act, Cap. 50, NART is deemed to be interested in the 300,751,582 Ordinary Shares by virtue of its interest in SAL.
- (ii) Wheelock and Company Limited ("WCL") owns more than 50% of the issued capital of NART. In accordance with Section 7 of the Companies Act, Cap. 50, WCL, by virtue of its interest in NART, is deemed to be interested in the 300,751,582 Ordinary Shares, over which NART has a deemed interest.

### Distribution of Shareholdings

Size of Shareholders	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Share Capital
1 to 999	372	6.97	138,722	0.04
1,000 to 10,000	4,430	83.07	13,571,900	3.40
10,001 to 1,000,000	520	9.75	24,085,693	6.04
1,000,001 and above	11	0.21	361,056,977	90.52
Total	5,333	100.00	398,853,292	100.00

Approximately, 24.5% of the Company's Ordinary Shares are held in the hands of the public. Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has accordingly been complied with.

**20 Largest Shareholders** (as shown in the Register of Members)

No.	Name of Shareholder	No. of Shares	% of Issued Share Capital
1	Star Attraction Limited	300,751,582	75.40
2	Citibank Nominees S'pore Pte Ltd	18,058,056	4.53
3	DBS Nominees Pte Ltd	14,197,087	3.56
4	Raffles Nominees Pte Ltd	8,201,212	2.06
5	United Overseas Bank Nominees Pte Ltd	5,710,300	1.43
6	HSBC (Singapore) Nominees Pte Ltd	5,158,890	1.29
7	The Asia Life Assurance Society Ltd - S'pore Life Fund	2,942,000	0.74
8	Oversea-Chinese Bank Nominees Pte Ltd	2,111,850	0.53
9	Domitian Investment Pte Ltd	1,373,000	0.34
10	Hong Leong Enterprises Pte Ltd	1,366,000	0.34
11	Starich Investments Pte Ltd	1,187,000	0.30
12	Low Keng Huat (S) Ltd	944,000	0.24
13	Kwek Leng Beng	770,000	0.19
14	Plan Nominees Private Limited	598,000	0.15
15	UOB Kay Hian Pte Ltd	573,600	0.14
16	OCBC Securities Private Ltd	553,000	0.14
17	HL Bank Nominees (S) Pte Ltd	503,000	0.13
18	Morgan Stanley Asia (S'pore) Pte Ltd	441,000	0.11
19	BNP Paribas Peregrine Securities Pte Ltd	433,000	0.11
20	Lee Seng Gee	400,000	0.10
	<b>Total</b>	<b>366,272,577</b>	<b>91.83</b>

## NOTICE OF ANNUAL GENERAL MEETING

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NOTICE IS HEREBY GIVEN that the 31st Annual General Meeting of the Company will be held at Riverfront Ballroom, Level 2, Grand Copthorne Waterfront Hotel, 392 Havelock Road, Singapore 169663 on Wednesday, 28 July 2004 at 10.30 am to transact the following business:

### As Ordinary Business

1. To receive and adopt the reports of the Directors and Auditors and the Audited Accounts for the financial year ended 31 March 2004. (Resolution No. 1)
2. To approve a final dividend of 4.5 cents per share less income tax for the financial year ended 31 March 2004. (Resolution No. 2)
3. To approve the increase in Directors' fees for the financial year ended 31 March 2004 and the payment of the said fees. (Resolution No. 3)
4. To re-elect Mr Ng Tze Yuen retiring pursuant to Article 109 of the Articles of Association of the Company. (Resolution No. 4)
5. To re-appoint Mr Gonzaga Wei-Jen Li as a Director pursuant to Section 153(6) of the Companies Act, Cap. 50, to hold office until the next Annual General Meeting of the Company. (Resolution No. 5)
6. To re-appoint Mr Tan Keong Choon as a Director pursuant to Section 153(6) of the Companies Act, Cap. 50, to hold office until the next Annual General Meeting of the Company. (Resolution No. 6)
7. To re-appoint Mr Frank Yung-Cheng Yung as a Director pursuant to Section 153(6) of the Companies Act, Cap. 50, to hold office until the next Annual General Meeting of the Company. (Resolution No. 7)
8. To re-appoint KPMG as Auditors and to authorise the Directors to fix their remuneration. (Resolution No. 8)
9. To transact any other ordinary business that may be transacted at an Annual General Meeting. (Resolution No. 9)

### As Special Business

10. To consider and, if thought fit, to pass the following Ordinary Resolution, with or without modifications: (Resolution No. 10)

That, pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806(2) of the listing rules of the Singapore Exchange Securities Trading Limited, authority be and is hereby given to the Directors of the Company to allot and issue shares in the capital of the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be allotted and issued pursuant to this Resolution shall not exceed fifty per cent. (50%) of the issued share capital of the Company at the time of the passing of this Resolution, of which the aggregate number of shares to be allotted and issued other than on a pro-rata basis to all shareholders of the Company shall not exceed twenty per cent. (20%) of the issued share capital of the Company at the time of the passing of this Resolution, and, unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

By Order of The Board

PAULINE THAM  
Company Secretary

Singapore, 1 July 2004

### Notes:

1. A Member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a Member of the Company.
2. A Member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. The appointment of proxy must be executed under seal or under the hand of its duly authorised officer or attorney.
3. The instrument appointing a proxy must be deposited at the registered office of the Company at 501 Orchard Road #04-01/03, Wheelock Place, Singapore 238880 not less than 48 hours before the time appointed for the Meeting.

**Explanatory Notes on Ordinary Business to be transacted:***Resolution 6*

Mr Tan Keong Choon, if re-appointed as Director of the Company, will remain as a member of the Nominating Committee. Mr Tan Keong Choon is considered by the Board of Directors to be independent and non-executive.

*Resolution 7*

Mr Frank Yung-Cheng Yung, if re-appointed as Director of the Company, will remain as the Chairman of the Company's Audit Committee and a member of the Remuneration Committee. Mr Frank Yung-Cheng Yung is considered by the Board of Directors to be independent and non-executive.

**Explanatory Note on Special Business to be transacted:***Resolution 10*

The Ordinary Resolution 10 proposed above, if passed, will empower the Directors of the Company, from the date of the above Meeting until the next Annual General Meeting, to allot and issue shares in the Company. The number of shares that the Directors may allot and issue under this Resolution would not exceed fifty per cent. (50%) of the issued share capital of the Company at the time of the passing of this Resolution. For issue of shares other than on a pro-rata basis to all shareholders, the aggregate number of shares to be issued shall not exceed twenty per cent. (20%) of the issued share capital of the Company at the time of the passing of this Resolution.

The 50% limit and the 20% limit will be calculated based on the Company's issued share capital at the time of the passing of this Resolution, after adjusting for:-

- (a) new shares arising from the conversion or exercise of convertible securities;
- (b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the Singapore Exchange Securities Trading Limited; and
- (c) any subsequent consolidation or subdivision of shares.

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**IMPORTANT:**

1. This Proxy Form is FOR USE ONLY BY MEMBERS/DEPOSITORS whose shares in Marco Polo Developments Limited are registered in their own names or whose shares are registered under The Central Depository (Pte) Limited.
2. This Proxy Form is not valid for use by persons whose shares are not registered in their own names or whose shares are not registered under The Central Depository (Pte) Limited and shall not be effective for all intents and purposes if used or purported to be used by them.

I/We, \_\_\_\_\_  
of \_\_\_\_\_

Total number of shares held:

being a \*member/members of MARCO POLO DEVELOPMENTS LIMITED (the "Company"), hereby appoint:

Name	Address	NRIC/Passport	Proportion of Shareholdings (%)

and/or (delete as appropriate)

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as \*my/our \*proxy/proxies, to attend and to vote for \*me/us on \*my/our behalf and, if necessary, to demand a poll at the 31st Annual General Meeting of the Company on Wednesday, 28 July 2004 at 10.30 am 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. In the absence of specific directions, the \*proxy/proxies may vote or abstain as \*he/they may think fit.

NO.	RESOLUTIONS	FOR	AGAINST
1	To receive and adopt the report of the Directors and Auditors and Audited Accounts for the year ended 31 March 2004.		
2	To approve a final dividend of 4.5 cents per share less income tax for the year ended 31 March 2004.		
3	To approve the increase in Directors' fees for the financial year ended 31 March 2004 and the payment of the said fees.		
4	To re-elect Mr Ng Tze Yuen, a Director retiring pursuant to Article 109 of the Articles of Association of the Company.		
5	To re-appoint Mr Gonzaga Wei-Jen Li as a Director pursuant to Section 153(6) of the Companies Act, Cap. 50.		
6	To re-appoint Mr Tan Keong Choon as a Director pursuant to Section 153(6) of the Companies Act, Cap. 50.		
7	To re-appoint Mr Frank Yung-Cheng Yung as a Director pursuant to Section 153(6) of the Companies Act, Cap. 50.		
8	To re-appoint KPMG as Auditors and to authorise the Directors to fix their remuneration.		
9	To transact any other ordinary business that may be transacted at an Annual General Meeting.		
10	To authorise the Directors to issue and allot shares pursuant to Section 161 of the Companies Act and the Listing Manual of the SGX-ST.		

*\*Delete accordingly.*

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

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2004.

**Notes:**

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), 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, the instruction appointing a proxy or proxies shall be deemed to relate to all Shares held by you.
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 in his stead. A proxy need not be a member of the Company.
3. A member appointing more than one proxy shall specify the percentage of Shares to be represented by each proxy and if no percentage is specified, the first named proxy shall be deemed to represent 100 per cent. of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 501 Orchard Road #04-01/03, Wheelock Place, Singapore 238880 not less than 48 hours before the time appointed for the Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointer or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing a proxy or proxies is signed on behalf of the appointer by an attorney, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which, the instrument may be treated as invalid.
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 its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.
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 appointer are not ascertainable from the instructions of the appointer specified in the instruments 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 as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.