

In Retrospect... and Prospects

Looking Back at 1997 Results and Initiatives

- Record Group attributable profit of \$104.7 million was achieved, despite 1997 proving to be a more difficult year than expected.
- Further progress was made towards achieving the following two-fold objectives of the Group:
 - A judicious mix of profits from trading, investment and property-related fee-based activities. (At pre-tax profit level, contribution from property investment and services was 26% compared with 17.5% for 1996.)
 - A balanced geographical portfolio of quality properties. (The Group's property assets overseas grew to 14.2% at end-1997 from 7.7% a year ago.)
- Growth of Sedona Hotels International, with the opening of Hotel Sedona Makassar, Sedona Hotel Mandalay and Sedona Suites, Ho Chi Minh City.
- Joint redevelopment with PSA of its 20.3 ha World Trade Centre/ International Cruise Centre site is now being explored, together with the redevelopment of the 32ha Keppel Harbour site.
- Growth of the Group's core business activities in Singapore continued with:
 - Good progress made in the construction and marketing of Prudential Tower and Capital Square.
 - Addition of 720,000 square feet of prime freehold sites to the Group's residential landbank.

Looking Ahead at 1998 Objectives and Outlook

- Satisfactory earnings performance, underpinned by:
 - Rentals from the Group's office buildings.
 - Profits from sale of non-core assets (eg 9 Castlereagh Street in Sydney).
 - Progressive profit bookings of Prudential Tower, Palm Gardens, The Mayfair and Villa Verde sales.
- Maximisation of yields on all existing projects through business process re-engineering.
- Re-focus of efforts to generate new sources of profits (eg acquisition of quality assets/companies in troubled economies, and trading projects in countries not directly affected by the regional economic uncertainties).
- Additional progress towards attainment of the Group's objectives of judicious profit mix and balanced geographical spread of properties.
- Continued expansion of the Group's hospitality business under the Sedona name.
- Further growth of core business activities in Singapore through the purchase of new sites for future development.