

Meeting the Challenges Ahead

Keppel Land has embarked on several significant projects which will take the Company across to the new millennium. Briefly, they include the re-direction of business development efforts to generate new sources of income, a thorough review of our projects to maximise yield, business process re-engineering and the increased use of information technology.

A thorough review of our existing projects is underway. The goal is to extract maximum yield out of every asset. This may involve revamping project concepts, and deferring or scaling down projects. These measures will help to lower operating costs until the economic climate improves.

With the economic downturn, the Company has re-organised its overseas business development function to achieve greater focus in taking on opportunities presented by the Asian fall-out, and fan out beyond the region.

Our long-term goal of building up a balanced portfolio with a mix of trading and investment projects in Singapore and overseas remains unchanged.

Meanwhile, efforts to sharpen the competitive edge of the Company are being made in the shape of business process re-engineering. The Finance and Human Resource Departments were among the first to identify opportunities for streamlining. Keppel Land launched an intranet system in February 1998 linking all staff electronically and allowing them to have access to announcements, policies, benefits and training opportunities. In addition, booking of chalets, and requests for zoo and bird park passes can also be made on-line.



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Keppel Land continues to harness the potential of Information Technology (IT) to sharpen its competitive edge.

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After review, some administrative practices were eradicated and time and cost savings were achieved. Monthly reports have been re-visited to eliminate unnecessary duplication, and the formats changed so that they meet the requirements of the different target audience - shareholders, top management and department heads.

At a more macro level, the Company is also looking at improving business processes which cut across departments to empower them to deliver better products and services. One such process is the "product development and delivery process" which commences from the approval of concept design to design development, construction and eventual handover to end-users. Apart from cost and time savings, streamlining this process would also help to provide a sharper focus on customers' needs and expectations.



Information technology is closely intertwined with re-engineering, for its role in implementing the changes after the business processes have been re-designed. Hence, efforts are being made to build up core expertise in the areas of data warehousing, workflow management, document imaging, internet and intranet technologies.

Studies are also being carried out to examine how we can turn our office into a virtual one so that staff can work away from the office, allowing for greater sharing of office space and computers.

Keppel Land holds the vision of its staff forming on-line community to share ideas and solutions. The development of the intranet is a milestone for the Company, as it has generated interest and participation among staff. The Staff Welfare

Quality control prior to the handover of residential units to homebuyers is very much part of the "product development and delivery process" in Keppel Land.

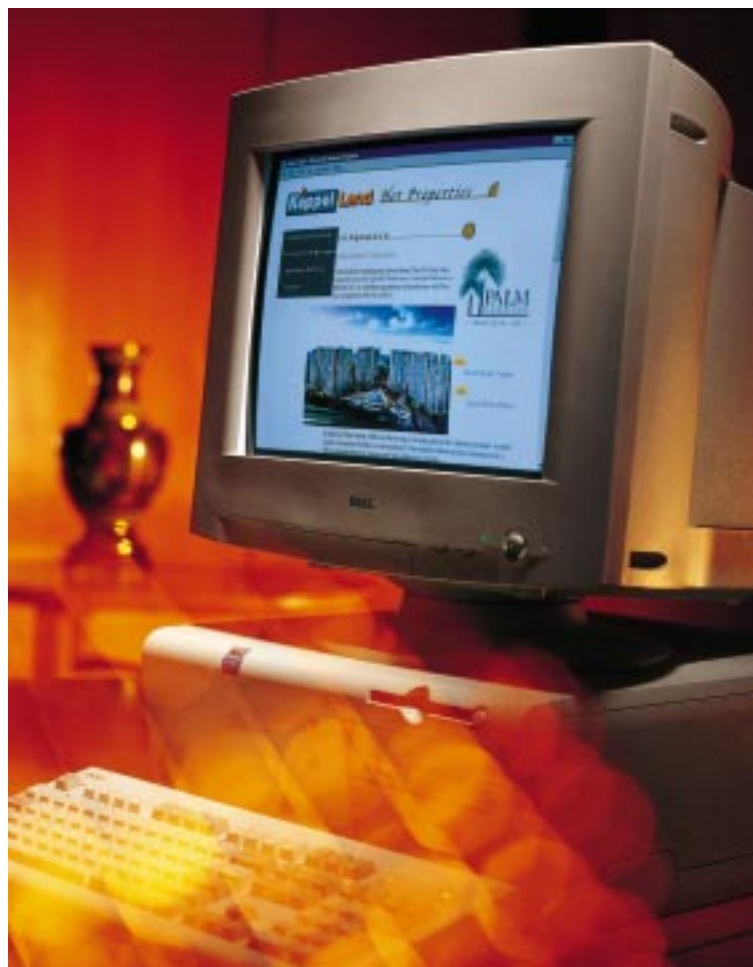
Committee mooted the idea of a Classifieds Page called “Pa-Sat Online” where staff could post advertisements to buy or sell items. Special promotions such as holiday packages at the Group's hotels and resorts are also posted onto the intranet.

Internet technology is also helping to link our overseas staff to headquarters in an age where it is increasingly becoming a borderless world.

The Keppel Land website, which has grown to 80 pages, and is an integral part of the Company's corporate identity, has been brought home to its own server. IT staff now both design as well as maintain the web server. They are also able to make more frequent and timely updates to the website whenever there are significant events like new project launches, acquisitions or announcements of results.

Several databases have been set up to help departments keep track of information important to them. These are steps leading to central databases of information to be shared across departments allowing staff to tap on it for their work.

Increasingly, the Company's sources of information have also shifted to non-paper on-line sources. A directory of internet websites of research interests ranging from country profiles to financial information, real estate and tourism is regularly updated on the intranet. In addition, the Company also subscribes to other commercial on-line services which provides economic news, company profiles, industry and market reports.



Keppel Land is one of the first property developers in Singapore to have a homepage on the Internet.

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Top:
State-of-the-art computerised building management systems enhance the quality of our office developments.

Still on the technology front, there is another challenge ahead - the Millennium Bug or the Year 2000 problem. The Year 2000 problem arises as many computer-related systems and application software are programmed with 2-digit rather than 4-digit date fields to represent the year. The systems include building management systems such as fire alarm, security, lift and air-conditioning systems, computer systems as well as telephone systems. An in-house committee called the Millennium Project Committee was formed last year comprising representatives from departments

across the Company to tackle this problem. Several of the Group's building management and IT systems have been found to be non-compliant, and steps are being taken to rectify or replace them by the end of 1998 or early 1999.

Two consultants - one legal and one building infrastructure consultant - have been appointed. The legal consultant will help deal with new vendors to obtain warranties that their systems are Year 2000 ready. The building infrastructure consultant will provide an independent specialist opinion of the Group's building management systems to help identify those that are not compliant, so that vendors can be made to rectify them in advance.

A number of the Group's tenants have made enquiries on Keppel Land's Year 2000 status. They can be assured that steps are being taken to address the issue in our buildings.