



Legacy Future
[unleashing the *power* of a commanding legacy] Promise
Enterprise Promise
FOOD & BEVERAGE



Food & Beverage

Breweries

The year was a chronicle of the re-energising, growth and scaling up of core brands as the Beer division focused on its brand story. The result: an exciting narrative of brand development and groundbreaking innovations.

The *Tiger* brand was ever-present on the football scene in the region. To further reinforce the brand's association with football, *Tiger* kicked-off Tiger FC in Singapore, Malaysia and Thailand. Intended to cater to *Tiger* drinkers who are football fans, the Tiger FC events showed exciting promise and attracted sizeable crowds since their launch.

At home, *Tiger* remains Singapore's number one mainstream beer brand. Its leadership position was buttressed by a series of dynamic promotions including *Million Dollar Signing* and *Live Like A Rock Star*. *Million Dollar Signing* drew an overwhelming response.

For *Heineken*, providing fresh and engaging experiences for its young adult consumers was key to bolstering brand loyalty. *Heineken* concerts like *Elevation 280* – a rooftop concert held atop the Market Street Carpark – and *Heineken All Stars Programme*, which featured live international acts and DJs in unique settings, delivered on this.

Another key event for *Heineken* was its sponsorship of WOMAD in Singapore. This partnership with the world music event has allowed *Heineken* to associate itself with one of the world's greatest celebrations of international music and culture.

To combat increasing competition, *Heineken* will continue to find innovative ways to grow through unique events, innovative packaging and creative consumer and trade activities. For instance, to build *Heineken*'s relationship with outlets retailing the brand, it launched a trade campaign called *Heineken All Stars Programme*.

Heineken's marketing savvy was affirmed in the year when it bagged three trophies at **Promotional Marketing Awards Asia 2005**. It took home the gold for *Most Effective Long-term Marketing Campaign* for its *Heineken Green Room Sessions*. It also picked up the gold for *Best Activity Generating Brand Loyalty* for its *Heineken All Stars Programme*, and the silver for *Best Sponsorship or Tie-In Campaign in Sport, Movies, Music or Tourism* for *Heineken Music*.





For Guinness, however, the focus was on brand repositioning to recruit a new niche of middle-class consumers to complement current consumers, while maintaining its bond with its loyal older patrons. Activities were carried out to strengthen the brand's connection to its target audience. Additionally campaigns were launched based on the positioning that Guinness reflects 'the inner strength of its drinkers'. The principal component of this platform was the *Why Not You?* and *Credential* campaigns.

These promotion efforts, together with a focused trade strategy, helped the Group to successfully improve sales volume.

The *Why Not You?* Campaign was widely acclaimed by the advertising industry, garnering prestigious awards including a bronze accolade in the **Effie Singapore 2005 Award** for its advertising effectiveness. Meanwhile, Guinness was awarded a gold Effie as **Advertiser of the Year for 2004**.



Overall, Guinness showed encouraging growth on the back of its sharp marketing strategy and successful staging of popular events such as Guinness® Live, Guinness® Halloween Festival and Guinness® Irish Festival.

Meanwhile Baron's Strong Brew continued to focus on the 'strong' and 'European heritage' values of the brand through events such as the *Strong Man Challenge* and *Slipknot Concert Sponsorship*. Baron's Strong Brew's Strong campaign was a finalist in the **Effie Singapore 2005 Award**.

Finally, ABC Extra Stout achieved both reach and impact in its marketing effort. The brand exploited the opportunity for product placement through its sponsorship of television programmes; ABC Extra Stout was woven into locally produced dramas with different degrees of product placement.

To extend the reach of the brand, a series of concerts were organised in the year.

Now in its third year, the ABC True Heroes Mega Star Concert has been highly effective in promoting brand acceptance. Meanwhile, the ABC Idol Roadshows, the road version of *Singapore Idol*, sent excitement levels to fever pitch at heartland shopping malls throughout Singapore.

Also held in the heartland were the ABC Silk Route Roadshows, which provided entertainment in the form of music, dance and a beauty contest.

Geography-wise, the year for the Group was characterised by



general growth throughout the network of countries in which it operates. Individual countries either enjoyed a growth in market share or benefited from investments in plant expansion or upgrade.

Plants and production capacity were expanded in Malaysia, Cambodia, China, and Vietnam, helping the Group meet increasing demand in these countries.

Singapore

As part of its commitment to establish Singapore as the innovation hub for the APB Group, APB Singapore launched a \$40 million packaging line in April.

This flexible and cost-efficient facility will allow the Group to package its portfolio of beers creatively and enable Singapore to be a leading player in creating new market opportunities. It will also elevate Singapore's packaging for its beer to a standard that will

rival that in Western Europe and the USA.

The year also marked the 10th consecutive year APB Singapore achieved an "A" grading in the Agri-Food & Veterinary Authority of Singapore's (AVA) Factory Grading Scheme. The company was presented with a silver award at the **AVA Food Safety Awards 2005** in recognition of its continuous efforts to maintain high food safety standards.

Malaysia

To offset the increase in excise duties that had affected beer sales, Guinness Anchor Berhad intensified its marketing and promotional activities. It also launched several brand initiatives to improve its overall brand profile.

Tiger, Heineken and Guinness outperformed the market and further enlarged their market share on the back of innovative and creative marketing.



Heineken led in innovation with the launch of three exciting new presentations: *5L DraughtKeg*, *1.5L Magnum* and *PACO*.

At the same time, *Heineken* successfully projected itself as the international premium brand worth paying extra for by associating itself with hip sought-after events. Among these were the invitation-only *Heineken Music Green Room Sessions* featuring cutting-edge music acts and *Thirst Malaysia 2005*, a popular event for clubbers. Held at Sepang F1 circuit, *Thirst Malaysia 2005* attracted 4,000 clubbers and was a highlight of the year for the Malaysian music scene. *Heineken* also sponsored international movies to appeal to a wider audience, especially residents outside Klang Valley.

Meanwhile *Guinness* demonstrated convincingly its marketing edge with its sweep of five major awards at **DM Asia 2005 Singapore**. It was the first from Malaysia to win the *Best of the Best* and *Best of Show* for its Guinness MasterClass DM (Direct Marketing) Pack. *Guinness* also scooped the gold award in the *Direct Marketing Low Volume Mail* category and another gold in the *DM 3-Dimensional Mail* category. It was a finalist for *Best Craft in Art Direction*.

Internationally, it clinched the *PLUS Finalist Certificate* at the prestigious **New York Festivals 2005**.

Finally its *Why Not You?* cinema campaign was awarded a gold at the **Malaysian Media Awards 2005** for *Best Use of Ambient Media*.

New Zealand

The year marked DB Breweries' 75th year in New Zealand. DB Breweries celebrated the grand occasion by showcasing its rich brewing heritage and brand success through a series of festivities. Most notable among those was the tremendously successful *Shout the Nation* campaign where DB Breweries offered New Zealanders a free beer on its birthday.

DB Breweries had a lot to rejoice in, apart from its 75th milestone.

Once again the Group enjoyed growth in market share in New Zealand in the Group's fourth straight year of growth. In particular, the Group improved its position with sales growth from *Amstel Light*, one of DB Breweries' brands, which already owns more than 40% of the light beer market. With this, *Amstel Light* has become the light beer market leader in a little over two years – an extraordinary achievement.

Equally impressive was the performance of *Double Brown*, *Monteith's*, *Tui*, and the newly launched *Tiger*, *Sol*, *Budejovicky Budvar* and *Export Dry*.

Double Brown was the big player in the Economy segment. *Monteith's* also performed well, supported by strong on- and off-premise sales. *Tiger* showed its strength with a surge in volume, expanding rapidly from its small base. Meanwhile *Tui* was the strongest performer in the Mainstream market for the year.

Crowning a year of achievements, the Group bagged an impressive number of awards in the two beer award competitions that it entered.



For the second year running, *Export Gold* won the NZ Lager trophy while *Export Dry* took home the *Premium Lager* trophy at the BrewNZ Beer Awards. At the same award, DB Breweries also carried away two silver and three bronze awards, as well as the *Best In Class NZ Hop Marketing Board Trophy*, *Silver Best In Class Pall (NZ) Trophy* and *Silver Best In Class Hospitality Association NZ Trophy*.

DB Breweries' brands were as feted at the **Australian Brewing Awards 2005**, where they secured two silver and three bronze awards.

Internationally, *Monteith's Winter Ale* clinched the bronze at the **Brewing Industry International Awards** held in Munich, Germany.

Two premium brands, *Sol* and *Budejovicky Budvar*, joined DB Breweries' stable in the year.

Going forward, DB Breweries will focus on growing the strength of its existing brands.

Papua New Guinea

The Group maintained its dominance of the beer market in Papua New Guinea with a market share of 99%. With the national beer market growing by 3% in 2004, SP Breweries enjoyed its highest volume in 12 years. This growth is driven partly by an improved economy and partly by SP Breweries' aggressive commercial activities.



SP Breweries increased distribution through an improved supply chain, closer cooperation with distributors and effective marketing and brand building activities.

Marketing activities included *SP Lager's* relaunch of the Rugby League's *SP Cup*, and *Ice Beer's* sponsorship of the television talent show, *Ice Discovered*. *Export Lager* also sponsored the *Papua New Guinea Tourism Expo*.

Vietnam

Robust economic growth in Vietnam – the country enjoyed a GDP growth of 7% in the year – and an accompanying rise in disposable income has stimulated dynamic growth in the beer industry. The Vietnam beer market is currently expanding at 8% per annum.

The outlook for the market is particularly positive for international, premium brands as the market continues to grow in sophistication. Young local drinkers are becoming both brand-savvy and brand-conscious, with regular brand upgrading. With no major international competitors operating aggressively as yet in the market, a window of opportunity is open for the Group to embed its brands as the leading international brands in the country.

The year, however, saw the Group facing off challenges in the shape of aggressive competition from new market entrants.



In the year, the Group worked hard to have *Heineken* and *Tiger* dominate the Premium segment. The Group achieved this by associating the two brands with international tennis and movies through events such as *Heineken Challenger*, *Vietnam Open 2005*, and *Movie of The Week* on television. *Heineken* also raised its retail price to ensure it is the highest priced brand in the Premium segment, to reinforce its high-status positioning.

The two brands had to fend off aggressive brand expansion programmes by international beer brands. Despite this, *Tiger* enjoys a high level of brand awareness and a promising scope of brand strengths while *Heineken* is the fastest-growing brand in the portfolio of the Group-owned Hatay Brewery.

Meanwhile the introduction of *Anchor* in 330ml cans will give the Group a true-blue mainstream product to engage in the battle for market share in the Mainstream segment.

Finally, it was a landmark year for Hatay Brewery when it was bestowed its first **Golden Dragon Award** by the *Vietnam Economic Times*, in recognition of its footing as one of Vietnam's most excellent foreign companies.

It was an equally noteworthy year for the Group's Vietnam Brewery. It picked up a string of awards including the **2004 Saigon Times Top 40 Award**, **Golden Dragon Award 2004**, **Vietnamese High Quality Product Award 2004**, **Heineken Brewery Award 2004** and **Tiger Quality Award 2004-2005**.

Growth prospects are rosy and in keeping with this, the Group boosted its capacity substantially in the year. Hatay Brewery installed a new canning line while Vietnam Brewery is increasing its plant capacity from 1.5 million hectolitres to 2.3 million hectolitres and adding a second bottling line. In the year, the brewery also opened a commercial department and general warehouse in Ho Chi Minh City.

Thailand

Despite the tightening of government regulations (on advertising guidelines, allowed points of sale, sales hours and social order), violence in the South, bird flu and high oil prices, Thai Asia Pacific Brewery continued to dominate the Premium beer segment with the 94% market share held by *Heineken*.

The year saw Heineken drawing on innovative musical events to reinforce its positioning as a leader in music happenings.

One such event was the invitation-only Heineken Green Carpet Party. Held on the roof of Central World Plaza in Bangkok, the first Heineken Green Carpet Party was attended by over 1,000 invited socialites and celebrities in the fields of fashion, music, sports and lifestyle activities.



Another highlight was Heineken Jazz Festival Hua Hin 2005 – Jazz on the Beach. A showcase of Thailand's most talented jazz musicians as well as prominent international guest artistes, the three-day event attracted over 20,000 jazz fans.

Also a hit was Heineken Music Thirst Asia Final 2005, a regional competition to select the best Thirst DJ in Asia Pacific. The event drew thousands of spectators, including Thailand's most famous celebrities and DJs.

Meanwhile Tiger Beer contributed to the 5% growth of the Thai Standard segment in the year.

Now in its second year in the Thai market as a locally brewed

beer, Tiger has achieved high brand awareness through unique marketing events such as Tiger Dome, where a giant air-conditioned tent was erected in the heart of Bangkok city, showcasing entertainment such as games, food, Thai musical superstars and the Tiger signature dancers. Tiger Dome was one of Thailand's most successful events of the year.

Tiger Skins 2005, a congregation of some of the world's elite golfers, was another successful event.

The year also saw the launch of *Cheers Beer* to further develop the Group's brand portfolio in Thailand.

Cambodia

The year saw exciting growth for the Cambodian beer industry, fuelled largely by the expansion of the Group's Cambodia Brewery. The biggest growths were registered in the Economy segment; *Gold Crown* was the best-selling and fastest growing beer brand in this segment.

Additionally, Cambodia Brewery's brewery output has increased by





more than 22% with the boost in performance of its canning line.

Cambodia Brewery is also muscling up for growth ahead. In the year, four new fermentation and storage tanks were added to increase capacity. And a new heavy fuel generator replaced the existing three smaller diesel generators for better cost efficiency.

Overall, Cambodia Brewery, which has captured the lion's share of the pie, continued to gain in market share.

China

The Group had an eventful year in the consolidating beer market of China.

The Group's Shanghai Asia Pacific Brewery hit record production of two million hectolitres. Another cause for celebration was the many awards picked up by its brand, Reeb; it was named *1995-2005 Shanghai Famous Brands*, *2004 Shanghai Famous Trademark* and *2004 Top-selling Brand of Shanghai*. The company is currently in the process of commissioning a new packaging line.

Hainan Asia Pacific Brewery had an equally uplifting year. Its mainstay brand, *Anchor*, overshot by 9% the target set, to achieve a market share of 73%. The company also remained number one in the

Hainan market, due to the success of the launch campaign for *Anchor Red Crown*.

Hainan Asia Pacific Brewery also clinched the Cost Control Management Champions 2003/2004 Award and, for the second year running, the Best Brewery Cup In Asia Pacific for 2004.

DaFuHao extended its foothold in Jiangsu with the acquisition of a brewery in Wujiang. The year also saw DaFuHao honoured as one of the *Top 10 Enterprises in China Beer Industry*.

Kingway adopted innovative marketing strategies to enhance brand awareness. During the first half of 2004, Kingway co-produced and sponsored the *Kingway 2004 International Supermodel Contest*, which featured 46 contestants from 33 countries or regions. In addition, the Kingway art performance troupe staged over 100 shows in various cities to promote the Kingway brand.

Kingway is so popular that demand consistently outstrips supply. With the first phase of construction of the 200,000-tonne Shantou brewery plant

completed, the plant has been up and running since January 2005. Construction of another 200,000-tonne plant in Dongguan is expected to be completed in December 2005.

The year also saw construction work begin on two 200,000-tonne plants – one in Tianjin and the other in Xian, Shaanxi Province. The Tianjin plant is scheduled for completion in the middle of 2006 while the Xian plant is expected to be operational in the first half of 2007.

Looking forward, the Group is confident that with its well-developed corporate culture, strong financial position, and comprehensive and efficient distribution network, it will continue to grow its sales volume and turn its business around in China.





Soft Drinks

The soft drinks division made history in the year with sales breaching the RM1 billion mark for the first time. With foundations deeply entrenched, the division is primed to further extend its market dominance. Armed with a new strategic roadmap, the Group has set its sights on aggressively penetrating and expanding into new beverage categories.

Malaysia

It was an exhilarating year for the soft drinks division as it passed the historic RM1 billion sales mark.

The division also enjoyed record operating profits. Almost all its brands lifted sales, with many setting new volume records.

Despite a significant escalation in the costs of essential raw materials and energy, most regions turned in better operating profits.

These achievements marked the culmination of five years of steady revenue growth averaging 9% per annum. It also reflects the success of a strategy that included implementing rationalisation and restructuring initiatives and schemes such as trade loyalty programmes to retain customers.

In the year the division continued to strengthen its market presence through consistent investments in both 'hardware' and 'heart-ware'.

In terms of 'hardware', the division upgraded and bought coolers and sales equipment, and invested RM43 million in an in-house polyethylene terephthalate, or PET, bottle blowing facility which was completed in September 2005, bringing about manufacturing efficiencies and significant savings in logistics and warehousing.

The division was as dynamic in the sponsoring of key sports and entertainment events, allowing it to capture the hearts and minds of consumers in the region.

Winning the hearts of its partners was also a priority, as seen in the implementation of the SMART Partnership Programme, designed to assist distributors in building up their infrastructure and capabilities for long-term growth.

Marketing Leadership

Revenue grew 10% in the year while sales volume increased 3% despite rising fuel and raw material prices and weak consumer sentiment.

The Group consolidated its leadership of the Malaysian carbonated soft drinks market by enlarging its market share to over two-thirds.

It was also the clear leader in the Malaysian ready-to-drink market, with its portfolio of products led by 100PLUS, Coca-Cola, F&N and SEASONS Asian selection accounting for a 40% share of the market.

Coca-Cola remained Malaysia's top-selling carbonated soft drink, while 100PLUS' dominance of the isotonic segment was strengthened by a growth of 15% in sales volume, up from last year's 12% growth.

SEASONS was another expanding brand in Malaysia with sales swelling 6%. Beyond growth in sales, SEASONS also enlarged its product line with the introduction of SEASONS Soya Bean Milk with Rose Syrup and Selasih Seeds.

The Fruit Tree range of juices was marketed aggressively in Malaysia in the year. The resultant 150% surge in sales points to the brand's strong potential. Two new Fruit Tree flavours, Mango Nata de Coco and Blackcurrant Aloe, made their debut. F&N Blazt and Sprite Remix were also launched in the same period.





With the acquisition of new accounts and the renewal of existing ones, the division now has more than 1,800 retail outlets and establishments throughout Malaysia.

Marketing Highlights

Marketing for the year was driven by innovative answers to the lifestyle needs and interests of soft drinks consumers.

For instance, the Group tapped into Malaysians' fascination with both the music scene and reality shows by tying up with the country's latest reality TV show, *Thirst for Passion: Music Executive*. The show offers insights into the workings of the recording industry and the winner will walk away with a job with record company EMI to produce an album.

Meanwhile, banking on the power of aspirations, the 100PLUS *Dream Challenge* exhorted consumers to share their wildest dreams via writing or voice recording. The brand then proceeded to turn the wildest dream of the winners into reality.

Coca-Cola Light also exploited the passion for diamonds among its female consumers by running *One Calorie, One Carat*, a promotion that offered the winner of a fun crossword puzzle the top prize of a jewellery set worth RM50,000.

Finally, 100PLUS continued to promote sports among all Malaysians. The brand sponsored numerous grassroots, national and regional events in cycling, hockey, badminton,

soccer, golf, triathlons, marathons, walking events, beach volleyball and bowling.

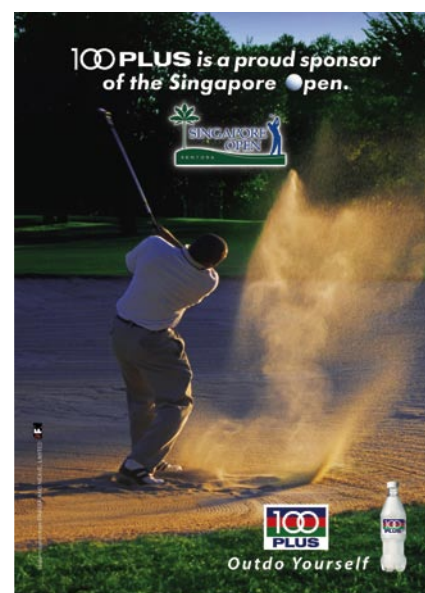
Singapore

In Singapore, the marketing efforts were very much focused on renewing excitement for its portfolio of brands through innovative product launch to cater to consumer lifestyle and health trends, as well as integrated brand communication and ground activation to connect with its consumers.

For instance, F&N Blazt was launched with a new television advertising campaign to renew interest in the brand and to connect with younger consumers who are looking for beverages that are more innovative, hip and cool.

A new 100PLUS television advertising campaign was also kicked off, to augment stepped-up efforts in ground activation and sponsorships of major sports and active lifestyle events. For example, 100PLUS was the official beverage partner for the Singapore Health Promotion Board's *National Healthy Lifestyle* campaign in 2005 as well as for major sports events such as *The Singapore Open*, *NUS Heritage Run*, *Real Run* and the *Singapore Standard Chartered International Marathon*. These integrated renewed efforts helped bump sales figures up 10% for 100PLUS.

In line with health trends and consumers' demand for healthier beverage options, two new products – SEASONS Ice Apple Tea and SEASONS



Ice Peach Tea – were introduced to extend the SEASONS range of fruit tea drinks. These two new products helped the sales of SEASONS tea drinks to expand by 16% last year.

F&N, with a long history in Singapore that is synonymous with quality, has been able to stay relevant to new generations of consumers by constantly invigorating the beverage market with innovative products.

It therefore came as no surprise when F&N was ranked among Singapore's 15 Most Valuable Brands in the Singapore Brand Award 2005. This marks the fourth consecutive year that F&N has been conferred the Singapore Brand Award, since the inception of the award.





Dairies

Demonstrating its enterprise pedigree, the Group's Dairy operations recorded improved operating profit despite a difficult and challenging economic environment and sluggish consumer sentiment. This was made possible by the implementation of innovative and strategic measures that reaped sustained market leadership, higher productivity and improved manufacturing efficiencies.



Malaysia

Despite escalating prices of key raw materials, fuel, packaging and transportation, the Group's Malaysian dairy operations achieved higher operating profit of RM39 million.

During the year, total sales revenue increased by 9%. Additionally, almost all brands in most regions registered improved revenue, with new volume records set by brands across most categories.

Key strategies improved market performance and mitigated rising production costs. They included the reformulation of products and the introduction of new products to cater to market demand and the adoption of energy-saving processes such as the conversion from medium boiler fuel to natural gas.

The Group also embarked on the Forecast-To-Stock (FTS) system, a powerful IT tool that enables timely and accurate reporting to aid sales,

manufacturing and management decision-making.

In the highly competitive sweetened condensed milk segment, the division generated 7% higher sales. This allowed F&N's sweetened condensed milk to maintain its market leadership at 49%.

The Group's sales volume for the evaporated milk category also expanded by 8%. Meanwhile, the sterilised milk segment posted a remarkable increase of 15% in revenue over the previous year.

The pasteurised juice sector also enjoyed robust growth. Sunkist and Fruit Tree Fresh together surged 21% in sales volume and 26% in revenue. Sales volume of Fruit Tree Fresh swelled by a phenomenal 61%, for an extraordinary 77% increase in revenue. The growth was driven by product innovation with the launch of

several exciting new flavours, supported by an integrated innovative marketing programme.

In the highly competitive ice cream segment, F&N's Magnolia brand managed to sustain sales volume, while pasteurised milk brought in marginally higher sales.

Product brand building and elevating awareness of the diversified range of F&N dairy products among Malaysian consumers were strongly emphasised in the year.

To reinforce the brand equity of F&N Sweetened Condensed Milk as the number one brand in the country, the seventh edition of *Cabaran Tariking F&N*, the family entertainment programme, was televised nationally over a two-month period. It attracted a record two million viewers. It was also well integrated with a national consumer promotion contest that attracted over 120,000 entries nationwide.

The consumption of Fruit Tree Fresh juices has gained increasing momentum, especially among young Malaysian adults. This is mainly due to growing affluence





and a favourable response to the tropical flavoured beverage. During the year, several new variants such as *Soursop with Nata de Coco bits* and *Blackcurrant Aloe with Aloe Vera bits* were launched to stimulate interest among consumers.

To keep abreast with consumer preference and taste, a total packaging revamp was carried out that uplifted the *Daisy* brand. For the same reason, the sterilised *Magnolia Full Cream Milk* was launched in June 2005. This new product is fast gaining popularity and promises to boost the *Magnolia* brand.

In the ice cream sector, *Magnolia* ice cream scored a first as the only local industry player to offer yogurt ice-cream.

The Group's success in ensconcing *F&N Sweetened Condensed Milk* as the number one brand in Malaysia was recognised with a gold award in *Reader's Digest Superbrands Malaysia 2005 Awards (milk category)*. In the same award, the Group bagged another gold for *Sunkist Juice* in the juice category.

Additionally the success of the seventh edition of *Cabaran TariKing F&N 2005* enabled F&N to clinch the bronze award for *Best Long-Term Marketing and Branding Campaign* in the *Asian Brand Marketing Effectiveness Awards 2005*. F&N was the only Malaysian entry – from among several hundred entries from the Asia Pacific region – to win this prestigious accolade.

Singapore

In Singapore, product innovation and effective marketing campaigns fuelled a healthy 5% rise in revenue.

In the milk category, *Magnolia Fresh Milk* and *UHT Milk* maintained their pole position in the market. Meanwhile, leveraging on the growing health consciousness of consumers, *Low Fat High Cal* continued to grow year on year.

The addition of *Magnolia Smoo Milk*, a nutrient-rich milk containing taurine for children aged four to six, to the portfolio of brands contributed to the strong 12% growth in the UHT category, and maintained the high profile of the *Magnolia* brand. *Smoo's* friendly mascot, Smoo the cow, enjoys great appeal among its target audience. It was featured in a strong marketing programme of interactive song and dance sessions with schoolchildren at 240 pre-schools and kindergartens. A dedicated school delivery programme contributed to the strong success of the product.

Daisy Low Fat High Calcium Milk underwent a logo and packaging update to project a new stylish look. To better meet consumer needs, *Daisy* reduced its fat level from 1.5% to 1% and launched the *Same Great Taste Now 99% Fat-free* integrated campaign comprising TV, press and outdoor advertising, with consumer

programmes and sampling exercises.

The *NutriSoy* brand continued to shine as the number one fresh soya brand in Singapore, while *Reduced Sugar with Organic Brown Rice* variant, launched in March 2005, has become the second best-selling fresh soya variant in Singapore. This early success can be attributed to a successful tie-up with FM97.2's health programme. *Nutrisoy* was also positioned as being part of a healthier lifestyle with its sponsorship of the popular Channel U programme, *A New You*, hosted by Jacelyn Tay.

The pasteurised fruit juice segment posted outstanding double-digit growth in revenue, and maintained its leadership position with two strong brands in *Fruit Tree Fresh* and *Sunkist*.

Magnolia's leadership in the ice cream category was supported by quarterly launches of new and innovative products that refreshed the brand among consumers. *Magnolia's* share of the ice cream tub market grew stoutly with the launch of yoghurt-based ice cream *Magnolia Escapade*. The effective marketing campaign for *Magnolia Escapade* employed creative publicity stunts and programme sponsorship on prime time TV with celebrity endorsement by Joanne Peh. *Magnolia* also extended its *Mag-A-Cone* portfolio with the launch of *Blueberry Chewy*. The product was promoted successfully through bus stop shelter advertising. *Magnolia Moments* ice cream also impressed with a great debut year.





The Singapore dairy operation garnered a handful of prestigious awards throughout 2005. *Magnolia's* status as a much-loved local brand for over 65 years was reaffirmed with a **SuperBrand** award for the seventh year running. *Fruit Tree Fresh* was also honoured with a **Reader's Digest Gold** award for the second consecutive year while a *Magnolia Moments'* TV game-show concept was a finalist at **Effie 2005**, a competition that rates the effectiveness of marketing campaigns.

Export

Among its export markets, with lower growth emanating from Africa, growth was driven by sales to Hong Kong, the Philippines, Papua New Guinea and new markets.

In Hong Kong, the well-supported launch of *Fruit Tree Orange Aloe Vera* accelerated the growth of the *Fruit Tree Fresh* brand. With the success of the brand, plans are underway to introduce more varieties of flavours and pack sizes in 2006 to strengthen the Group's position in Hong Kong and develop *Fruit Tree Fresh* into a significant brand in the territory.



Thailand

In a landmark year, the Group's Thailand operation raked in record sales of THB 437 million.

The results were due to the launch of 19 new products, which extended the consumer base and fuelled consumption. Cost-effective measures such as the replacement of dry ice with reusable eutectic packs – a move that reduced cost by 70% – also contributed to the sterling performance.

The Group invested in 4,700 new freezers and 210 carts in the year to keep pace with rising demand.

Vietnam

Vietnam Dairy Operations saw improvements in sales, margin and bottom line. Sales revenue grew 15%. This was despite intense competition with new players in the market and rising raw material prices.

The improvements were achieved through product rationalisation, price increases, better cost management and greater plant utilisation.

A highlight of the year was the successful launch of *Daisy Yummy Milk*, which swelled UHT Milk volume by 32% for the year. The launch was planned to coincide with Children's Day, with the kick-off feted by a stream of activities. In an event held at a park, some 50,000 children were treated to a fun-filled day of games and stage performances. Another 25,000 kids were treated to an *Aladdin* play, where they were also introduced to

the *Daisy Yummy* mascot. In this live-wire event, the *Daisy Yummy* cows danced, mingled with children and sang the *Daisy Yummy* song.



The launch was also supported by television commercials, print advertisements in popular magazines and wide sampling.

Since launching into the UHT Milk market, the company has lifted its volume by 77%.

China

The Group's 29.5%-owned China Dairy Group Ltd ("CDG") enjoyed encouraging sales. CDG, the largest manufacturer of dairy products in the north-western region of China, recorded sales growth of 27% to achieve revenue of \$75 million for its half-year ended 30 June 2005. This was partly due to the kicking off of phase 2 of the liquid milk production facility at Lintong Economic Development Zone in January 2005, which boosted the plant's liquid milk production capacity five-fold, to 590 tonnes a day. The new facility will enable CDG to capitalise on the fast-growing liquid milk segment in the country.



Packaging

The Group's glass packaging division achieved a 2% rise in turnover, to RM281 million. This is due to the reinstatement of production capacity in Malaysia and Vietnam, where two glass furnaces were closed for rebuilding last year, and increased volume in China. However, the increase is offset by lower output in Malaysia due to furnace leakage.

The furnace at Malaya Glass that leaked during the last financial year was fully restored in March 2005. Throughput for the year, however, was down by 17% and supplies had to be outsourced to meet commitments to customers. Higher operating cost as a result of business interruptions and the cost of outsourcing supplies, although insured, were not fully recoverable.

China remained the division's weak spot.

Sichuan Malaya Glass, the Group's plant in China, continued to perform below expectation despite operating at full capacity. This was due to its low pricing structure and small customer base in Sichuan.

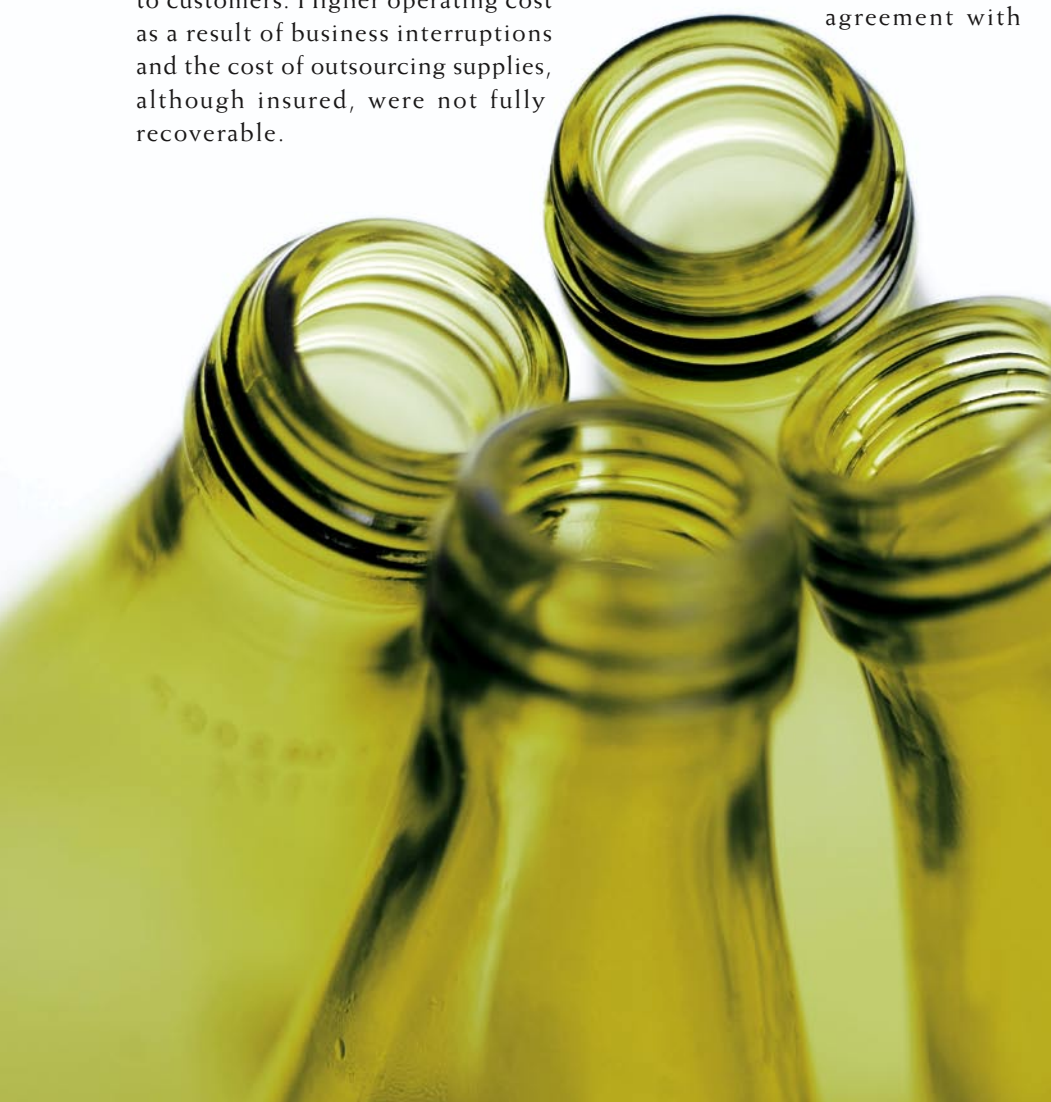
However the China operation is targeted to break even in 2006 after two consecutive years of losses, as steps taken by management begin to bear results. Already there is evidence of a marked improvement in operating efficiency.

The Group signed a joint venture agreement with

Thai Asia Pacific Brewery Co Ltd and Siam Glass Industry Co Ltd to build a greenfield glass bottle plant costing US\$35 million in Thailand. The Group will hold a 70% stake in the plant. With this new addition, the glass division will operate five production facilities in four countries, ranking it among the handful of leading regional players able to handle multi-location multinational clients.

When operational in 2007, the 280-tonne per day plant will be able to produce 70,000 tonnes of glass containers a year to serve local and overseas customers.

The year ahead will continue to be challenging for the Glass division. But the Malaysian operations are gearing up to meet these challenges by increasing efficiency and controlling costs while meeting the stringent quality and competitive pricing required by customers.





Enterprise

A Legacy of Enterprise, A Future of Promise

Legacy

A Legacy of Enterprise, A Future of Promise

Promise

Future

A Legacy of Enterprise, A Future of Promise

PROPERTIES

[unlocking the *promise*
of the future]

A Legacy of Enterprise, A Future of Promise

LEGACY OF ENTERPRISE

A Future of Promise

LEGACY OF ENTERPRISE

A Future of Promise



Properties

As the Group's property arm seeks to upkeep the excellence that has characterised the division through the years, its legacy of enterprise continues to unfold and grow. What lies ahead is a breathtaking view of the future.

Malls of Centrepoint

www.centrepoint.com.sg

Once again, the Group's property division turned in an impressive performance in the face of competition and a tough retail climate. Clever marketing strategies and a firm footing in the business helped the Group reinforce its position as one of the leading property owners and managers in the country.

The *Malls of Centrepoint* comprises Centrepoint, Causeway Point, Compass Point, Northpoint, Anchorpoint, Robertson Walk and Valley Point. Together, the malls received 7 million shoppers per month, with most of the malls maintaining healthy occupancy rates and patronage. This remarkable record was due to a combination of differentiating factors: the attractive location of the malls, excellent mix of quality tenants, and strong tenant relations.

Its success was also driven through the execution of compelling crowd-pulling advertising and promotional programmes.

Aggressive strategic promotions were instrumental in increasing traffic and shopper spending in the malls. Besides staging regular festive and school holiday events at the malls, tactical promotions like shopper loyalty and credit card programmes were organised jointly with tenants. Sales of shopping vouchers, for instance, soared when the Group launched five new reward/redemption programmes with partners like UOB, DBS, Citibank, and OCBC.



Another successful promotional vehicle was the *Malls of Centrepoint* website, which enjoyed high traffic, registering a record of more than 2.6 million hits in the month of September.

Given its astute finger on the retail pulse, *Malls of Centrepoint* will be on the lookout for more regional retail management opportunities.

Centrepoint Shopping Centre is the Group's 23-year-old flagship mall located in Orchard Road. It is a household name with a loyal base of shoppers and sterling anchor tenants like Robinsons, Marks & Spencer and Cold Storage.

This year, however, saw some fresh injection of retailers. They are: Leonard Drake, Hess Education International, Linguaphone, ALDO, Savoir Fair, PINC, Mexx, Oregon Scientific, La Pagayo, Peach Blossom Gallery, The Lens Men, Royal Fabrics, Rustic Room and RISIS.

The mall is currently undergoing upgrading works to add an extension to the building. To be completed by the fourth quarter of 2006, the upgrading will enlarge the mall's net lettable area by approximately 58,000 square feet.

In the year, Centrepoint became the first shopping centre in Singapore to be awarded the **Singapore Service Class** by SPRING Singapore (Singapore's Standards, Productivity and Innovation Board), in recognition of the centre's commitment to service excellence. It was also one of three shopping centres short-listed for Singapore's **Effie Awards**, which

recognise effective advertising in the industry.

Causeway Point Shopping Centre, the largest mall in the Group's portfolio, is situated in Woodlands. Due to its close proximity to a transport hub, offices and a library, it enjoys high shopper traffic averaging 2.2 million a month. This year, the mall renewed a majority of leases, while welcoming new tenants like Lee Hwa Jewellery, RISIS, ebase, Samuel & Kevin, Hang Ten, TS, Cold Wear, Spring Maternity, Power 9, Check, Mini Bits, Whatever Icon, Cute Tink, AUF, Gelare, Sweet Talk, More Than Words, Kidz Republic, Red Earth, Raffles Denticare and Hecom.

The mall was also voted the **Best Suburban Mall** in a poll done by the national daily, *The Straits Times*, and was accorded a **Best A&P Efforts Award** by the *Singapore Retail Association*.

Compass Point in Sengkang is Singapore's first themed 'Learning & Discovery' mall. The mall enjoyed 100% occupancy for the past three years.

A majority of the leases were renewed this year at Compass Point. New tenants include Swensen's, Citigems, Time Zone, Polar Puffs & Cakes, Missha, Wym Boutique, Veeko, 3Foods, Yakun Kaya Toast, 1901 Hot Dog & Venezia, Bits & Pieces, Mini Toons and Capitol Optical.

Northpoint Shopping Centre is a flourishing suburban mall in Yishun. The decade-old mall continues to be popular with residents, and

enjoys brisk business all year round. This year, its new tenants include Lee Hwa Jewellery, Heidi's, Print Club, Beijing 101, Citigems and Tenchi Comics.

Anchorpoint Shopping Centre, with its frontage on Alexandra Road, continues to benefit from a repositioning strategy and a newly created F&B hub. The mall constantly fine-tunes its tenant mix to stay relevant to shoppers. This year, new retailers include Bloomington Greetings, Watson's Personal Care Store and Mei Heong Yuen Dessert.

Robertson Walk remains the place for cosy alfresco dining, with its enticing spread of restaurants, cafes and pubs. Set in the affluent River Valley residential district, the Mediterranean-styled courtyard entertains a sports-loving crowd on weekends, when sports programmes are telecast on multiple screens. Its new tenants include Beboz Wine & Dine, Mu Dian, Sage The Restaurant and Wine Connection.

This year, Robertson Walk was again conferred the **Friend of the Arts** award by the *Singapore National Arts Council* for its support in promoting the arts in Singapore.

Valley Point Shopping Centre is a two-storey retail podium offering convenient shopping for the guests of Fraser Suites Serviced Residences and tenants of Valley Point Office Tower. It also serves residents in the prime River Valley area. This year saw the arrival of Galerie Aum, Jazz Cats and The Ice Cream Gallery.

Overseas Shopping Mall

Bridgepoint North, Australia, achieved a higher rental income in a tough market and occupancy was about 96%.

Fraser Serviced Residences

www.fraserhospitality.com

Fraser Serviced Residences is a premier global serviced residence company with gold standard residences in London, Paris, Glasgow, Seoul, Singapore, Shenzhen, Manila, Bangkok and a boutique resort in Phetchaburi, Thailand.

Since its inception in 1998, Fraser has grown from a Singapore brand with two local flagship properties to an established regional and international name in the medium-to long-term stay market. Fraser's reputation as an outstanding manager of premier properties stems from its focus on continuous product and service development to meet unique needs locally and globally.

In this financial year, all of Fraser's properties performed better than the industry average. Additionally Fraser enlarged its footprint with its entry into the Middle East market, undertaking two new properties in Dubai and Bahrain.



Fraser's dedicated quest for excellence also saw the company garnering numerous awards and accolades, a testimony to the strength of its philosophy of achieving outstanding customer satisfaction through innovative lifestyle offerings and a customer-centric service culture.

In September 2005, Fraser became the first serviced residence to be conferred the **Singapore Service Class** by *SPRING Singapore*, in acknowledgment of Fraser's commitment to service excellence. In the year, Fraser also received the **Distinctive Brand Award** from *ASME Singapore* and Chinese-language daily *Lianhe Zaobao*, the **Standard of Excellence Web Award 2005** from *Web Marketing Association, USA* for the Fraser website and the **Friend of the Arts Award 2005** from the *Singapore National Arts Council* in recognition of Fraser's support of the arts in Singapore.

Fraser also won acclaim in the region for its branding, service and management. The accolades included the **Best Premier International Serviced Residence Award** conferred by the *Philippine National Consumers Quality Awards* and *People's Choice Awards* for Fraser Place Manila, and the **Best Brand Awards** bestowed for the fourth consecutive year by *Korea Herald* and *Korea Times* for Fraser Suites Seoul. Fraser Suites Seoul was also presented with the **2005 Global Management Prize** by *Herald Business Korea* and the **Korea Quality Management Award 2005** by *Seoul Economic Daily*.

In line with the Group's overall strategy to increase fee-based income,

Fraser will continue to minimise equity participation while retaining management. The Group will perpetuate the Fraser brand globally through its four lifestyle offerings: Fraser Suites Serviced Residences, Fraser Place Serviced Residences, Fraser Corporate Residences and Fraser Boutique Resorts.

Singapore Serviced Residences

Fraser Suites Singapore enjoyed occupancy of about 92% in the year, a figure that is well above the industry average. Located in the heart of Singapore's prime residential district in River Valley, the 251 fully furnished serviced residences continues to be the preferred accommodation choice for top multinational and Fortune 500 corporations.

Fraser Place Singapore sustained its strong occupancy of about 90%. Strategically located at Robertson Quay by the banks of the historic Singapore River, the 161 apartments infused with a Mediterranean ambience continued to be popular with corporate executives who are in Singapore on extended stays.

Overseas Serviced Residences

Fraser Suites Insadong, Seoul, previously known as Fraser Suites Rodamco Place, was renamed in August 2005. Its new name points to its unique location in Insadong, the traditional arts and culture hub of central Seoul. This premier development of 213 exquisitely furnished suites achieved occupancy of over 93% in 2005.

Fraser Place Forbes Tower, Manila, maintained its sparkling performance, with occupancy of over 95%. Located in the heart of Metro Manila's Central Business District in Salcedo Village, it is close to the city's banking and financial districts as well as the entertainment and restaurant belt.

Fraser Suites Kensington, London, offers ready access to internationally renowned shops, restaurants, café bars, royal parks, museums and West End theatres with its superb location in Central London's Stanhope Gardens. It is the only serviced apartment building in London fronted by a private landscaped garden. Fraser Suites Kensington has maintained a robust average occupancy of around 83% since 2003.

Fraser Place Chelsea, London, with its location adjacent to Fulham Road and close to King's Road, offers guests an enviably fashionable London lifestyle. The immediate area features a kaleidoscopic selection of shops, restaurants, bistros, cinemas and health clubs. Constructed originally as artists' studios, the 30 galleried apartments were refurbished in September 2003 to retain many of the charming and unique original features. After this refurbishment, occupancy has averaged 84%.

Fraser Place Canary Wharf, London, is strategically located in the fashionable Canary Wharf area, London's fast-growing modern new business district in the Docklands. Each of its 63 stylish contemporary apartments boasts a spacious living area and a private balcony with ceiling-

to-floor windows for waterfront views of Canary Wharf and the Millennium Dome. Its immense appeal to global travellers is reflected in its steady occupancy of 87%.

Fraser Corporate Residence – Prince of Wales Terrace, London, is located in one of London's most prestigious areas; it faces Kensington Palace and has High Street Kensington and the Royal Park at its doorstep. This elegant Victorian-style property features spacious 3- and 4-bedroom apartments, each with a fully fitted kitchen and a lounge with sitting and dining areas. In the year its 10 apartments maintained an occupancy rate above 70%.

Fraser Suites Glasgow, Scotland, was opened in October 2004. Built in the 1850s, this extensively renovated baronial building boasts a stunning Victorian façade designed by the celebrated JT Rothead and is located in the heart of Merchant City among sophisticated and elegant Victorian merchant houses. The 102 spacious residences offer contemporary and stylish furnishings with fully equipped kitchenettes, as well as entertainment and communication facilities. It is currently enjoying occupancy above 70%.

Fraser Suites Harmonie, Paris La Défense, France, opened in September 2004. Located in the futuristic business district of La Défense, where form and function meet to produce poignant beauty, the stately 134-room apartment block overlooks the majestic La Défense, or the River Seine. Most apartments boast a private balcony

for delightful views of the river. This sanctuary in the city features a comfortable and functional layout and a warm, energising atmosphere generated by its trendy contemporary design. Another distinctive feature is the street-level garden with an eye-catching terrace. In its first year of operations, Fraser Suites Harmonie achieved an impressive occupancy of over 70%.

Fraser Place Shekou, Shenzhen, China, is Fraser's flagship property in China. Opened in December 2004, its 232 apartments cater to varied needs, with units ranging from one-bedroom deluxe apartments to four-bedroom penthouses. Its location in the largest premier residential area in Whale Garden also means convenient access to the commercial administration area in Guishan Road and the financial district. Perched atop Nanshan Hill, it offers a panoramic view of the coast. Fraser Place Shekou was specially designed by a US-based agency along environment-friendly precepts. Its eco-friendly design reduces waste, saves energy and space and protects the environment.

Fraser Corporate Residences Futian, Shenzhen, located on the main Shennan Avenue in Futian's central business district, is a short walk from the subway line and close to a new convention centre and golf course. Opened in January 2005, the property offers excellent views of the golf course and enjoys high visibility from the main road. Its facilities include a gymnasium, an observation deck, a rooftop jet pool, a gazebo-style massage room and outdoor barbeque, all

offering panoramic views of the city skyline.

Fraser Boutique Resort – Fisherman's Village, Thailand, is Fraser's first boutique resort. Nestled in Haad Chao Samran, the site of the royal lodging pavilion of King Rama IV in Phetchaburi, it is only two hours from Bangkok and a 40-minute drive from Hua Hin International Airport. Fisherman's Village is an exclusive retreat set in a private enclave fronting the beach. It consists of only 34 private villas, including two honeymoon suites, and is set in a meticulously designed landscape created to harmonise with the surrounding environment. Encircled by lush greenery, water courts, flora and fauna and a variety of marine life, the development balances the elegance of Thai architecture with the relaxed ease of contemporary living.

Fraser Place Langsuan, Bangkok, is an idyllic sanctuary in the midst of Bangkok's bustling commercial hub.



It was opened with a soft launch in October 2005. Its 129 units range from studio to 4-bedroom penthouse apartments, with a full suite of personalised lifestyle services such as daily complimentary breakfast. The building is outfitted with wireless Internet access as well as an outdoor borderless sky pool on the 32nd floor that offers a panoramic view of the surrounding greenery and an entrancing cityscape. To add to its appeal, prime shopping centres like Central Department Store, Gaysorn Plaza and the World Trade Centre are close by, as are entertainment and dining outlets. The Chitlom and Ratchadumri BTS Skytrain stations are also within walking distance.

Fraser Suites Seef, Bahrain, situated in the prestigious Seef District in the heart of Manama, the capital of Bahrain, will be launched in 2007. Its prime location in this fast-growing business district will meet the demand from corporations seeking premier serviced accommodations in the area. The property is conveniently located above the renowned Seef Mall. It is also situated opposite the Bahrain International Exhibition Centre, which hosts standard-setting exhibitions in the Middle East. A mixed-use development, Fraser Suites Seef will have 91 spacious apartments and penthouses, located on the 8th to the 19th floors of the building. All units offer either a view of Manama city or a panoramic ocean view of the Arabian Gulf. Each unit will be fully outfitted, with features including wireless broadband Internet connectivity, a state-of-the-art entertainment centre, comprehensive kitchen, washing machine and dryer.



Fraser Suites Dubai Internet City, Dubai, is located within Dubai Internet City, the Emirates' multimedia hub. Within a 10-minute radius of the apartment are the American University, Dubai Marina and Emirates Golf Club. Also close by is the Mall of Emirates, the largest retail centre in the United Arab Emirates with 3 million square feet of retail space. Fraser Suites offers 158 generously sized apartments and penthouses. The units will be on the 23rd to 44th floors of the mixed-use development. Each apartment will be outfitted with top-of-the-line facilities. Besides broadband Internet connectivity, a full-function entertainment centre, and a comprehensive kitchen complete with crockery unique to the property, each apartment will have a walk-in wardrobe and rain shower with a teak bench for a unique experience. This prestigious development will debut in 2008.

Centrepointhomes

www.centrepointhomes.com

Riding on the recovery of the residential property market this year, Centrepointhomes sold over 1,000 residential units in Singapore, more than double the 500 units sold last

year. The increase was due to the successful launches of four new projects – 8@Mount Sophia, The Spectrum, Tangerine Grove and The Azure – as well as better sales achieved from existing projects like Ris Grandeur, Lakeholmz, The Quintet, Yishun Sapphire, Yishun Emerald and The Petals.

The July 2005 announcement of a relaxation in CPF rules for the purchase of residential properties also helped to stimulate demand, especially in the HDB upgrader segment. Hence the market is expected to be primed for the lower mid-end freehold projects scheduled to be launched by the Group in 2006.

In an effort to sustain year-on-year market share and profitability, the Group acquired a large prime site located in St Thomas Walk. The development planned on this site will appeal to both local and foreign well-heeled purchasers.

Local Residential Projects Updates

Lakeholmz, a 99-year leasehold condominium, is just a short walk



from the Lakeside MRT Station. It obtained its Temporary Occupation Permit in June 2005. About 75% of the units have been sold.

The Quintet is the Group's second Executive Condominium project. Located at Choa Chu Kang Street 64, this 459-unit project is almost 70% sold and is expected to obtain its Temporary Occupation Permit by the third quarter of 2006.

Ris Grandeur, the Group's first en-bloc acquisition, sits on 26,442 sqm of freehold land at Elias Road. Its 453 condominium units are 75% sold. It obtained its Temporary Occupation Permit in Dec 2005.

The Spectrum, a 72-unit development on a freehold site near the junction of Clementi Road and Pasir Panjang Road, is fully sold out. It is targeted to obtain its Temporary Occupation Permit by first quarter of 2006.

8@Mount Sophia, a 103-year leasehold development on a 16,170 sqm site purchased in August 2002, is located along Mount Sophia, close to the Dhoby Ghaut MRT Station. All 277 units were sold within one month of the project's launch in March 2005.

Tangerine Grove is a 5-storey freehold development located in Paya Lebar Crescent.

Launched in June this year, it has achieved 80% sales.

The Azure is a luxurious condominium located on Sentosa Cove, Sentosa Island. Most of the units were snapped up during the preview and the project is now fully sold.

Jalan Ulu Sembawang Site, is a freehold plot of 6,196 sqm purchased in October 2002. Construction of a 73-unit condominium has commenced and the sales launch is scheduled for the second quarter of 2006.

Jervois Close Site, a freehold site, was acquired in April 2003 for \$105 million through the en-bloc sale of Goldhill Mansion, Jervois Court, a two-storey shophouse and a substation. It sits on prime land of 11,669 sqm that is located just a few minutes from Orchard Road. A 275-unit condominium development has been planned with sales scheduled to be launched in the first quarter of 2006.

The Raintree is a 310-unit condominium development on Hindhede Road, adjacent to the Bukit Timah Nature Reserve. It sits on a 99-year leasehold site of 16,253 sqm. Purchased in November 2003, it is scheduled to be launched in the first quarter of 2006.

Woodsville Site is a freehold site of 10,221 sqm acquired through



an en-bloc sale. It is located off Jalan Toa Payoh next to the new St Andrew's Village. Planning approval has been obtained for an 18-storey condominium development with 194 units.

Faber Hills Site sits on 23,018 sqm of freehold land and is located off the Ayer Rajah Expressway. It was acquired en-bloc by the Group in April 2004. Planning approval has been obtained to build a condominium development of 315 units.

Serangoon Site is a freehold site of 5,227 sqm acquired in July 2004. Located along Serangoon Road near the Boon Keng MRT Station, it offers easy access to the Pan-Island Expressway and Central Expressway. The site is slated for a condominium development of about 140 units.

St Thomas Walk Site is a prime freehold site of 13,000 sqm acquired in August 2005. Located close to the main retail strip of Orchard Road, this site is designated for the development of a high-end condominium that will appeal to both local and foreign buyers.

Fraser's Property Group

www.fraserpropertygroup.com

Overseas, the Group has built up a sizeable development portfolio in key markets like China, Thailand, Australia, New Zealand and the United Kingdom. These projects will be launched progressively in the next three years to bolster the Group's bottom-line.

Overseas Residential Projects Update

Wandsworth Riverside Quarter, United Kingdom, is a four-hectare riverside property located on the south bank of the River Thames in London. The first phase of construction, comprising two residential blocks of 116 apartments, has been completed and substantially sold. The second phase consisting of 87 apartments is due for completion in the first quarter of 2006. A total of 422 residential units and almost 14,000 sqm of ancillary office and retail space will eventually be developed. The apartments enjoy a 300-metre river frontage and an unimpeded view of the river. Frasers (UK) Pte Ltd has a 66.7% effective interest in this project.

68 Vincent Square, United Kingdom, is a venture between Frasers (UK) Pte Ltd and Fairbriar Plc, an associate company of Frasers (UK) Pte Ltd. The construction of the 70-apartment development will be completed by December 2006. More than 80% of the apartments have been pre-sold.

Habitat, Australia, at 11 Chandos Street, North Sydney, is currently more than 80% sold. The Group has a 75% interest in this project.

Lumiere, Australia, is a prime freehold site of 3,966 sqm in Sydney's Central Business District. Adjacent to the Town Hall Station, it is within easy walking distance to Darling Harbour, Chinatown and Martin Place. Construction has commenced on a 56-level tower that will house 456

luxury residential apartments, a 44-level tower that will be home to 145 serviced apartments and a podium consisting of 8,922 sqm retail and commercial space. The serviced apartments will be managed by Fraser Serviced Residences when it is operational in September 2006. The whole development will be completed by the second quarter of 2008. The Group has an 80.5% effective interest in this project.

Lorne Avenue, Australia, was recently purchased by Frasers Lorne Pty Ltd. Planning approval is currently pending for 40 units of 2- and 3-bedroom apartments in the leafy North Sydney suburb of Killara. The Group has a 75% interest in this project.

Wanjeep Street, Mandurah, Australia, is a large site consisting of 193 hectares of bushland – of which 53 hectares has been zoned residential – in Western Australia. It was acquired by Frasers Mandurah Pty Ltd in the second quarter of 2005. A master plan for 1,000 households has been submitted for planning approval. The Group has about 56.3% effective interest in this project.

Papamoa Gateway, New Zealand, was purchased by Frasers Papamoa Ltd in November 2004. It is a 24-hectare freehold property situated in the fast-growing city of Tauranga in North Island, with direct access to the beach facing the Pacific Ocean. A development application has been submitted for 450 households. The Group has a 67.5% effective interest in this project.

Broadview Rise, New Zealand, is a 6,831 sqm freehold property acquired by Frasers Broadview Ltd in 2004. A beautiful site overlooking Lake Wakatipu in South Island, it has been approved for the development of 15 luxury apartments. An application has been lodged to increase the density of this project.

Jingan Four Seasons, China, is located next to an underground MRT station along the main Nanjing Road in Shanghai. The development features four blocks comprising two blocks of 27-storey and 32-storey towers that will yield 452 residential apartments, and a supporting two-storey retail podium providing approximately 69,100 sqm of gross floor area. The first phase of this development – encompassing 227 apartments – was fully sold within a month of its launch. This project is expected to be completed in 2007.

Jin Lin Tian Di, China, comprises 88 residential units, 120 serviced apartments, a clubhouse and about 4,000 sqm of retail space. The serviced apartments were sold out during the year. The Group has a 32% effective interest in this project, and the Temporary Occupation Permit was issued in the second quarter of 2005.

Residential Development in Song Jiang District, China, is a 711,101 sqm leasehold land parcel located near the future Light Rapid Transit station at Si Chen Road in Shanghai's Song Jiang district. This exclusive residential development will be built in several phases that will yield about 4,900 residential units with communal club facilities and a supporting retail component. The Group has about 72% effective interest in this project, which is to be developed over the next five years.

Commercial cum Retail Development in Xi Cheng District, China, is a 7,111 sqm leasehold land parcel located within the 2nd Ring Road, along Xin Jie Kou Road in Beijing. The Group has a 95% interest in this project, which is expected to be completed in 2008.

The Pano, Thailand, is a 397-unit riverfront condominium development located on the bank of the Chao Phraya River in Bangkok. Situated south of Central Bangkok, it is just minutes away from Bangkok's Central Business District. Designed by Wong & Hassel, the resort-like development is the tallest condominium by the riverfront, with all apartments facing the river. The first phase of the construction will begin in the second quarter of 2006, and a Temporary Occupation Permit is expected to be obtained in the first quarter of 2009. CPL has a 49% share in the project.

Office & Industrial Properties

The year continued to be a tough one for the Office and Industrial Property segment. Nevertheless, indications are that the situation will improve.

In Singapore, rents of high-end office premises have gone up with robust demand and this has begun to trickle down to Grade B buildings. This should bode well for buildings in secondary locations in the near future.

In Singapore, industrial leasing activities continued to be slow, particularly for conventional factory space. There was more interest in high-tech space, keeping rents for high-tech buildings at stable levels.

Local Office Property

Alexandra Point lifted its occupancy rate in the latter half of the year to 67%. This compares to the average market occupancy of about 86%.

Alexandra Technopark continued to maintain a good occupancy rate of 97%. This surpasses the market average of 78% in the high-tech segment.

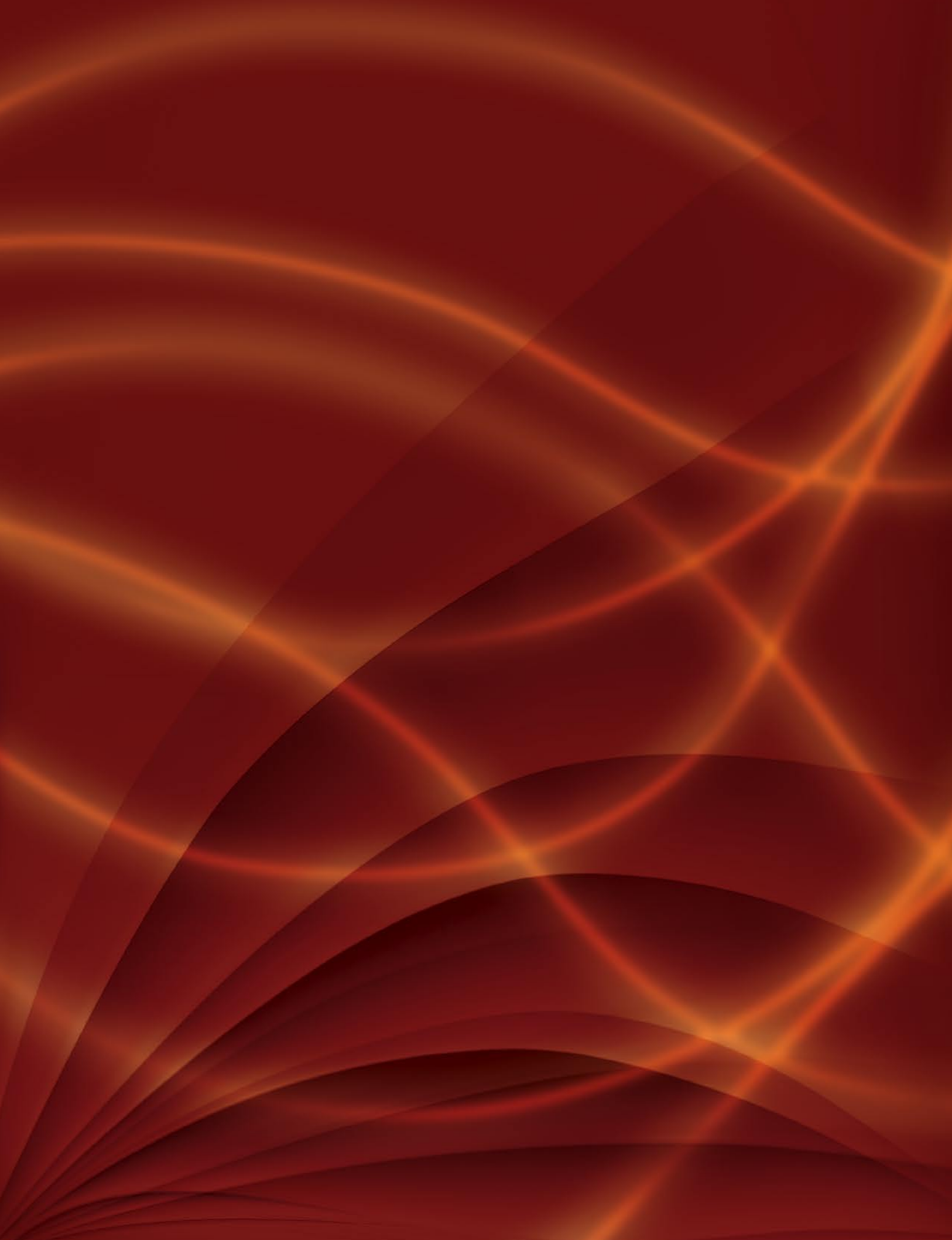
Valley Point Office Tower enjoyed increased demand in the year. As a result, occupancy at the 20-storey office tower surged to 91%.

Overseas Office Property

Me Linh Point Tower, Vietnam, a 22-storey office cum retail complex strategically located in the prime business district of Ho Chi Minh's downtown area, continued to enjoy robust occupancy throughout the year. The complex, with a newly upgraded main lobby that reflects a modern and trendy design, is fully leased. Vietnam's strong overall economic growth, coupled with a strong demand for international grade office space in the city, augurs well for this development, making the outlook for the coming year a good one.

Fraser Business Park, Malaysia, was formerly home to F&N's manufacturing plant in Kuala Lumpur. The 20 acres of prime freehold land located in the heart of Kuala Lumpur in Jalan Sungei Besi will be developed into three commercial components comprising shop-cum-office blocks, an office tower and a retail centre. Phase I, which comprises 80 shop-cum-office blocks called the Fraser Business Park, has been fully sold and is currently under construction. Phase II is at present in the planning stage of development.

Legacy Future
[articulating a *realm* of possibilities] Promise
Enterprise
A Legacy of Enterprise, A Future of Promise
PUBLISHING & PRINTING



Publishing & Printing

The Group's Publishing & Printing division is seamed with a legacy of enterprise that has enabled it to thrive in an ever-changing environment. And with every evolution it is enlarging this legacy for a brighter future. This was amply demonstrated in this financial year as the division continued to spread its wings in new spheres, while consolidating its lead in existing businesses.

Marshall Cavendish Publishing Group

The Marshall Cavendish brand was profiled prominently at international book fairs in Frankfurt and London where it unveiled a fresh new look that made it stand out from competitors. To further reinforce the brand, the Group also launched the Marshall Cavendish Education imprint in the Singapore school market.

The year under review also saw the Group acquiring Educational Technologies Limited, the leading children's books publishing and direct sales company in Asia Pacific. With an established regional direct sales network, the acquisition will provide the Group with a powerful additional sales channel for its home and library reference products.



Education Publishing Education

Marshall Cavendish demonstrated that it is a rising star in the international educational publishing scene with a sparkling performance in the year under review.

The Federal imprint (now rebranded as Marshall Cavendish Education) is firmly established in the Asia Pacific region for its decades of dedication to developing educational content with superb



mc Marshall Cavendish

pansing

TIMES INTERNATIONAL PRINTING

publication of this series boosted the Group's English Language Teaching portfolio in London and further reinforced Marshall Cavendish's commitments to international English Language Teaching publishing. The year also saw the launch of the Hong Kong edition of *My Pals Are Here!* in the Special Administrative Region. The international edition will soon follow.

Geographically, the Education Publishing business continues to be driven predominantly by the Singapore operation, both in terms of sales and product development.

In Singapore, Marshall Cavendish reinforced its position as the country's leading textbook publisher by enlarging its market share, particularly in the upper secondary subjects segment as well as in the primary school English segment. The Group launched its new Secondary 1 Geography and History, Food and Nutrition and Upper Secondary Art textbooks to good response in July.

Looking ahead, Singapore will continue to be a challenging market due to the falling national birthrate. However, Marshall Cavendish's track record, holistic publishing concept and growing reputation should help catapult our educational publishing activities to its next level of success in Singapore.

In Malaysia, following an organisational restructuring, a reinvigorated Marshall Cavendish

tackled the challenges of the market with gusto. With a new publishing direction and a strategic partnership with a local prominent distributor, the division is now primed to defend its market share in the STPM (*Sijil Tinggi Pelajaran Malaysia*, equivalent to the GCE "A" level), PMR (*Penilaian Menengah Rendah*, equivalent to the lower secondary level) and SPM (*Sijil Pelajaran Malaysia*, equivalent to the GCE "O" level) markets.

Thailand, meanwhile, tripled its turnover from its founding year, when Marshall Cavendish first set up a presence in the country. It has quickly built a name for itself by bringing in high quality publications in the English language. Moving ahead it will develop its publishing expertise by producing publications specifically for the Thai market.

Cooperative publishing remained the focus for the huge market in North Asia, as the Group collaborated with the Liaoning Publishing Group to jointly launch the *1000 Words Series* and *Ladder Series (Reading Programme)*. In Hong Kong, Marshall Cavendish re-established its presence by collaborating with Educational Publishing House for the publication of *My Pals Are Here!* in English for the Hong Kong market.

The Group's academic publishing arm enjoyed a year that was equally upbeat, with 200 titles as its backlog, Marshall Cavendish achieved sales better than the year before. The division continues to be focused on producing quality research in Asian Studies in the high-interest fields of contemporary politics, economics, security and education.

quality and proven pedagogy. In recent years, this business has been expanding its presence in countries such as USA and the Middle East.

This year the global footprint of Marshall Cavendish Education was further enhanced with the establishment of the International Division.

Set up in January 2005 to meet the increasing demand for Marshall Cavendish products worldwide, the International Division received excellent response from its partners for the launch of *Young Learners Go!*, a brand new series in the English Language Teaching category. The





To increase the global brand equity of Marshall Cavendish Academic, the division will be launching in late 2006 an international Asia-oriented journal covering culture and politics. The journal is supported by a board of advisors and reviewers that comprises 27 top scholars from prestigious institutions like Harvard, Princeton, Massachusetts Institute of Technology and Cambridge University.

English Language Teaching

The Group's development of its English Language Teaching segment gathered momentum with the publication of critically acclaimed titles.

The *Just Right* series, expanded from one to three levels, continued to receive excellent reviews in professional journals. This year also saw the Group's debut in the competitive grammar market with the title, *Real English Grammar*. Our first full-colour textbook, *Real English Grammar*, has received praise for its innovative design as well as fun and easy-to-use content.

Two new titles were published to win key growth audiences. They are: *English for Business Life* – targeting those learning English for business or improving language skills for the work environment – and the *Achieve IELTS* course – aimed at the fast-growing exam market for students in international education.

With a distributor base operating in some 35 countries and 27 new titles added in the last year, the Marshall Cavendish brand in English Language Teaching has made real

headway into the English Language Teaching Market.

Education Services

It was a good year for the Group's Education Services division, as its revenue improved due to better enrolment in undergraduate and postgraduate programmes as well as test preparatory courses. Additionally the division was also awarded the CaseTrust for Education scheme, an important accreditation that will boost confidence in the quality of training provided by the division among international students.

The positive outlook is, however, dampened by cost increases due to the spike in oil prices and this has led some corporations to reduce their training budgets. This is likely to have a lingering effect into the new financial year and may affect the division's performance ahead.

Going forward, the division has set itself new targets. It is aiming to secure the Singapore Quality Class accreditation for Private Education Organisations. This important accreditation will further strengthen its credentials as a quality player in the industry.

Another target is to grow the number of degree programmes, especially in niche areas, through more proactive business development with university partners. The division is also seeking to build up an extensive agency network in other countries, Vietnam.

There will also be an increased focus on Corporate Training through collaboration with university professors and overseas trainers.

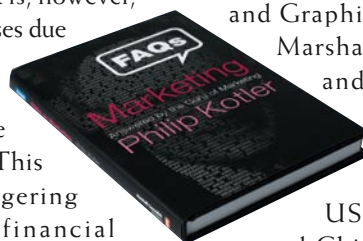
General & Reference Publishing

The Group's General & Reference Publishing entered more markets in the year with the launch of new Marshall Cavendish imprints in new territories.

Aided by strategic alliances with foreign publishing firms such as Cyan Communications Limited of London and Graphic Art of the USA, the Marshall Cavendish Business and Marshall Cavendish Editions imprints were officially introduced into markets like the USA, United Kingdom and China.

One fruit of such a collaboration was the debut of a book by renowned author Philip Kotler in Asia and UK, the division's first truly international book.

After undergoing a revamp, *CultureShock!*, our flagship series on customs and etiquette, was released worldwide as the first batch of 22 titles offered under the proprietary imprint of





Marshall Cavendish Editions, with sales and marketing led by our London office.

Meanwhile, *Not Just A Good Food Guide*, a new series developed as a complementary line to *CultureShock!*, was launched in the last quarter to enthusiastic receptions from partners in several countries.

Our culinary list saw good launches this year with *Feast of Flavours* and works from renowned Asian chefs. Marketed under the imprint Marshall Cavendish Cuisine, these titles were distributed to South Africa, Japan, France, the USA and UK as the brand began to gain greater recognition as a market leader for cookbooks on the strength of its international authors.

The year also saw the Malaysia office become a full-fledged publishing unit. The new entity experienced a vibrant year, bagging prominent projects from local institutions and government bodies. Its adult fiction – created through tie-ups with mass-media owners – also generated much interest and publicity in Malaysia.

In total, the division produced 324 titles on subjects covering travel, art, language, gastronomy, illustrated reference and corporate projects. Profitability however, was affected by a drastic drop in book ordering from the library

and school segments in the USA. Fortunately, this was cushioned by an increase in the sale of General Trade books as well as rights sales to new territories.

Looking forward, the upcoming Olympic Games in Beijing will fuel interest in all things Chinese and Asian. The expected influx of tourists to the country and increase in media coverage of the Chinese capital for the event to be held in 2008 will also likely spur a demand for travel and cultural literature, with spin-off effect in other genres such as cookbooks and lifestyle-related subjects. The division is ideally positioned to source for content of this nature to cater to the expected demand, which will also serve to help us attain market leadership in this area. Already, propelled by the world's quest for information on and about China, our office in Beijing has been acquiring titles for our China International series, which covers subjects ranging from business to travel and culture.

The USA and UK are the other focus markets for the General & Reference list in the forthcoming year. Our brand-centric approach to managing our product lines has allowed us to gain the confidence and support of our partners worldwide. Hence, the key imprints and product brands will be more actively promoted to create awareness and recognition of our excellent content and quality.

Business Publishing Business Information

The Business Information Cluster performed well in the year with

all segments achieving growth. A steep upsurge in sales and profits was registered in the offices of Singapore, Malaysia, Hong Kong and China.

In Singapore, the division enjoyed robust growth in sales and profit with the strong economic expansion in Singapore. Revenue was also bolstered by sales from two new directories, *Singapore Education Guide* and *Leading International Companies in Singapore*.



In addition, it further strengthened its position as one of the leading trade directory publishers in Singapore by securing the contract to publish the *Singapore Printing Industry Directory*.

Another notable event in the year was the hosting of the *World Book Fair*, an annual event organised jointly with the Chinese Newspapers Division of the Singapore Press Holdings Group. In celebration of its 20th anniversary, the event showcased *The Singapore Story*, a collection of books on Singapore. The event was honoured by a special visit by Minister Mentor, Lee Kuan Yew.



In Malaysia, the division took delight in an outstanding year as all its directories registered increased sales. The division also launched a new title, *Malaysia Builders' Directory*, in the year. To grow further, it plans to launch two new directories next year.

In Hong Kong and China, the division also registered strong growth with increased sales for its magazines and directories.



In fact, *Cargonews Asia*, the premier magazine for Asia's logistics industry, achieved record sales. The magazine's brand was further enhanced when it successfully organised the third Asian Freight and Supply Chain Awards in Hong Kong. The event was attended by key decision-makers in the freight and logistics industry worldwide.

Healthy growth was recorded in directories with revenue bolstered by the launch of *Asia Horeca*, a regional directory on hotel, restaurant and catering equipment and supplies.

Looking ahead, the outlook is upbeat for all four regions (Singapore, Malaysia, Hong Kong and China) with growth momentum expected to be sustained into the next year.

Home & Library Reference Publishing Home Reference (Partworks)

The Group continued to maintain its partwork publishing for France and Eastern Europe. Capitalising on the rise of nationalism in the Ukraine, the Group launched Marshall Cavendish's acclaimed product, *Tree of Knowledge*, in the Ukrainian language in the year. It was the first partwork ever to be launched in the native language in Ukraine.

The Group will continue to explore opportunities for the *Tree of Knowledge* brand, with particular focus on major untapped markets such as China and India. Publishing is expected in at least one of these markets in 2006.

Library Reference

The Group continued to be confronted by a challenging economic environment for the library reference market, with school libraries and public libraries facing budget contraction. The problem of tight budgets was compounded by libraries diverting funds away from print to digital reference.

In spite of these difficulties, Marshall Cavendish in US increased its sales by 6% last year, chiefly through sales growth in Marshall Cavendish Reference and Marshall Cavendish Children books.

Nonetheless, to tackle these challenges, the division strategically

focused on titles in its Marshall Cavendish Benchmark and Marshall Cavendish Reference imprints that are closely aligned to the school curriculum in core subjects like science, social studies, and reading. The reason being that when school budgets are tightened, funds will only be spent on books needed to support what is being taught in the classroom.

Another strategic move was to publish children's books titles with mass-market appeal. The success of this latter strategy was seen in the more than 18% increase in the sales of Marshall Cavendish Children imprint.

What remains is the division's number of award-winning books. Once again, the group's books won a string of awards in the year. Reference works from Marshall Cavendish Reference were again selected as **Best Bets for Student Researchers** by *Booklist*, a publication of the American Library Association. Meanwhile *Business and Industry*, also produced by Marshall Cavendish Reference, was named as an **Outstanding Business Source** by *RHUSA*, another publication of the American Library Association.

The Marshall Cavendish Benchmark imprint also won a number of accolades



for its titles, including **Notable Social Studies Trade Book for Young People**, **Outstanding Science Trade Book for Young People**, and a **Best Book** citation from *Science Books & Films*.

Finally, on top of a number of starred reviews from library review media, Marshall Cavendish Children titles earned awards such as **Notable Social Studies Trade Book for Young People**, **ALA Notable Children's Book**, and the **Disney Adventures Book Award**.

Going forward, four key areas have been singled out to drive growth for the Cluster.

Growth is on the cards for Marshall Cavendish Children, where the trend of growth in sales seen in recent years is expected to continue. To bolster growth, the number of titles to be published will be increased by late 2006.

Growth is also expected from international sales. The focus now is on developing new distribution arrangements in Europe, Africa, Asia, and the Middle East.

A third area of growth is projected to be that of digital publishing, which has become an important segment in

the reference market. Plans are being developed for the creation of Marshall Cavendish Digital, which will launch its first reference product in late 2006.

Finally, growth is also expected to be generated by distribution within the USA of titles published by Marshall Cavendish in Asia and UK.

Times International Printing Group

In the recent 3rd Asian Print Awards 2005, the group bagged 6 awards comprising 3 gold, 1 silver and 2 bronze awards.

The plants that achieved the prestigious recognition were Times Printers in Singapore and Everbest Printing in Panyu Nansha, China. The objective of the awards is to raise the standard and promote the achievements in excellence of Asia printing and winners are selected primarily based on quality.

All Times International Printing plants across Australia, Singapore, Malaysia and China enjoyed steady growth in the year despite rising paper prices and intense competition.

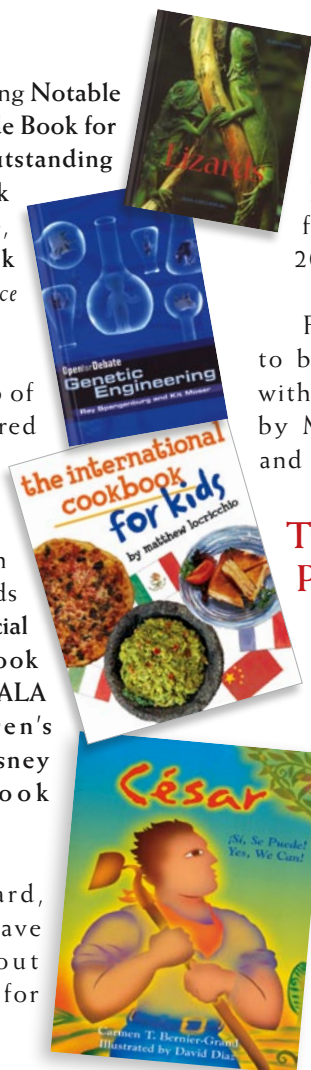
This was largely due to the strategy by Times International Printing to focus on its core competency and expertise by offering strongly integrated one-stop service; a capability that helped it to retain key customers.

Today, its portfolio of services extends from the commercial printing of books, magazines (weeklies and periodicals) and packaging products, to fast turnaround print-on-demand digital printing.

To address the changing landscape in the industry, the Group is developing new value-added print services to assist print buyers in improving their products. At the same time, it is exploring opportunities for growth through acquisitions. Above all, the Group sees investment in technology and skills upgrading as the cornerstone of its competitive advantage.

Singapore

At the Singapore plant new web printing presses offering better quality and greater efficiency were installed in the year. This raised sales locally and internationally. Capable of meeting the stringent demands of time-sensitive magazines, this print site has always served as the development centre for processes adopting new technologies within the printing group.





Malaysia

One of the chain's key printing sites for hard and soft cover books, the group further improved its capability with the installation of a new M600 web press. The equipment was acquired to meet anticipated future growth, as it had recently secured a number of new clients in the American book publishing scene as well as local clients. Currently its major customers are from Britain and the USA.

Australia

The group is now a leading high quality magazine and catalogue printer in Australia, equipped with the latest technology in web printing equipment and bindery systems to meet the demands for fast turnaround of high quality large volume publications. Its existing clientele includes leading publishers and print buyers from the catalogue industry.

China

The Group has been established in the China market for more than

10 years and has a network of plants in Northern, Central and Southern China.

Equipped with various presses and binding facilities, Everbest Printing, a subsidiary of Times International Printing, is a leading printer of high quality case-bound books for the Australian, American and British markets. To better serve both the local and international markets, Everbest further increased its printing capacity by adding new presses and a binder this year.

Fung Choi Printing and Packaging Group, the Group's 27% listed associate, recorded a 53% growth



in turnover for the year ended June 2005, with net profit leaping a hefty 41% to \$22 million. The printing and packaging business in China continued to grow strongly, benefiting Fung Choi, which has plants in Guangzhou, Qingdao and Beijing. Fung Choi specialises in the printing of magazine, catalogue, packaging, corrugated boards and paper bags for both domestic and major international manufacturers. Meanwhile, another Times International subsidiary, Shenyang Times Packaging Printing Co. in the Liaoning province, produces offset cartons and labels for the pharmaceutical, food and beverage industry.

The Group will be adding yet another company, Xinhua Times Packaging Printing Co., to its Chinese portfolio. This new joint venture company in the Shanxi province is under construction and will be operational in 2006. With several printing presses and converting machines, this plant will print cartons, laminated boxes and other packaging materials for the Taiyuan, Beijing-Tianjin and Datong region.

Pansing Distribution Group

Books Distribution

The Group is a leading regional distributor of English language books and magazines, with a network that spans the Asia Pacific.

The Books division enjoyed a very successful year. Among the key achievements in the year was the acquisition of Pansing. An established player with strong



publisher representations from UK, the USA and Australia such as Macmillan and Random House (UK), Pansing serves to strengthen the Group's local and regional channels.

Another achievement was the successful Asian launch of *Harry Potter And The Half-blood Prince*, the sixth and penultimate title in the immensely popular Harry Potter series.

With the growing interest in Chinese books, the division made its foray this year into the distribution of Chinese books in Singapore and Malaysia. The move will enlarge the range of products and services offered by the Group.

Magazine Distribution

In magazine distribution, the Group maintained its market position in Malaysia, Singapore and Hong Kong, with good revenue growth in Singapore due to the representation of new publishers.

In Australia, the Group acquired a 51% stake in International Media Marketing, a leading exporter of Australian magazines to over 22 countries. The move is expected to generate business synergies in the magazine division.

The Group's other Australian subsidiaries, Rainbow Products Ltd and Musicway Ltd, though profitable, continued to face challenges as growth in the Australian economy plateaus. Consumer spending is now more discretionary as major

retailers continue to battle for a bigger share of the consumer dollar. In addition, the stronger Australian dollar and higher fuel costs add further pressure to the cost of distribution and goods.

Retail

The retail arm of the Group enjoyed higher sales despite intense competition. In Singapore, business at Changi Airport is expected to be more buoyant where the group operates 10 bookstores at the airport.

Across the Causeway, the future is less certain, with competitors planning a big foray in a market that is already crowded.

Going forward, the retail arm aims to take a prudent stance in its cautious expansion locally and regionally.

