

## Financial Statements and Related Announcement::First Quarter Results

### Issuer & Securities

<b>Issuer/ Manager</b>	METRO HOLDINGS LTD
<b>Securities</b>	METRO HOLDINGS LIMITED - SG1111878499 - M01
<b>Stapled Security</b>	No

### Announcement Details

<b>Announcement Title</b>	Financial Statements and Related Announcement
<b>Date &amp; Time of Broadcast</b>	10-Aug-2016 18:32:38
<b>Status</b>	New
<b>Announcement Sub Title</b>	First Quarter Results
<b>Announcement Reference</b>	SG1608100THR21FI
<b>Submitted By (Co./ Ind. Name)</b>	Tan Ching Chek
<b>Designation</b>	Company Secretary
<b>Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)</b>	Please refer to the attached file for a copy of the press release.

### Additional Details

<b>For Financial Period Ended</b>	30/06/2016
<b>Attachments</b>	<a href="#">MHL News Release.pdf</a> Total size =49K

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## NEWS RELEASE

### **METRO HOLDINGS REPORTS REVENUE OF S\$31.9 MILLION AND NET PROFIT OF S\$9.8 MILLION FOR 1QFY2017**

- ***Lower bottomline mainly due to absence of a significant one-off net gain of \$38.1 million from 1QFY2016's disposal of EC Mall, Beijing***
- ***Net gain of S\$2.2 million from sale of properties in Milliners Wharf The Hat Box project in UK***
- ***Maintains healthy balance sheet with shareholders' equity of approximately S\$1.4 billion as at 30 June 2016***

**Singapore, 10 August 2016** – Main Board-listed Metro Holdings Limited (“Metro” or the “Group”) (“美罗控股有限公司”), a property development and investment group backed by established retail operations in the region, registered a net profit of S\$9.8 million for the three months ended 30 June 2016 (“1QFY2017”), as compared to S\$37.6 million in the previous corresponding period (“1QFY2016”).

During the quarter, revenue decreased 25.4% to S\$31.9 million, from S\$42.7 million over the same period. The dip was mainly due to a lower turnover with the closures of Metro Sengkang and Metro City Square in the second and third quarter of FY2016 respectively. This led the Retail Division to register a S\$10.0 million decrease in revenue to S\$30.2 million in 1QFY2017. Lower operating losses at Metro Centrepoint mitigated the impact of the lack of contribution from the closed department stores while for Indonesia, overall profitability improved marginally. Overall, losses for the Retail Division increased to S\$0.9 million in 1QFY2017 from S\$0.7 million in 1QFY2016.

The Group's Property Division recorded a decrease in revenue to S\$1.7 million in 1QFY2017 from S\$2.5 million in 1QFY2016, largely due to the lower rental contribution following the disposal of Frontier Koishikawa, Japan, in August 2015. Revenue was also affected by a 4.2% depreciation of the Renminbi during the period. Overall, excluding associates and joint ventures, the Property Division achieved a gain of S\$0.9 million from a loss of S\$5.4 million over the same period. As at 30 June 2016, the average occupancy rate of the Group's three investment properties remained high at 90.2%.

Lt Gen (Rtd) Winston Choo (朱維良) continued, "The bulk of Metro's performance is driven by its property development and investment activities. As such, our financial performance across different periods, including the current quarter, is naturally tied to the longer duration required for real estate development completions and also subjected to fluctuations in property cycles.

"We remain committed to exploring strategic alliances to expand our property interests in China, our core market, where we enjoy a long and strong track record. Our present and past partnerships with reputable and experienced partners like Topspring and our co-investments with the InfraRed NF China Real Estate Fund have yielded good results. We continue to develop the Nanchang Fashion Mark project with Topspring. We will continue to tap on this for future expansion in this country.

"At the same time, beyond China, we have recently entered into a second partnership with Scarborough, our UK strategic partner, to develop two Grade A office buildings in the Sheffield Digital Campus, Sheffield. This follows a successful Milliners Wharf The Hat Box in Manchester, UK's "second city", where all 144 freehold residential apartments have been completely sold and handed over. We look forward to the 571 freehold residential apartments to be built under Phase 1 of the Middlewood Locks development in Manchester, where site work has commenced in May 2016. Notwithstanding concerns surrounding Brexit, as a country, UK's fundamentals remain sound, and we will prudently explore opportunities for investments."

Overall, the Group's profit before tax ("PBT") declined 74.0% to S\$11.1 million in 1QFY2017, from S\$42.6 million in 1QFY2016. This was largely due to the recognition of a significant one-off net gain of S\$38.1 million from the disposal of the Group's 50% interest in the joint ventures owning EC Mall, Beijing, in the People's Republic of China ("PRC"), in 1QFY2016.

This was partially offset by a significant S\$7.4 million decline in general and administrative expenses to S\$6.9 million in 1QFY2017 from S\$14.2 million in 1QFY2016, mainly due to unrealised foreign exchange losses on bank balances being lower by S\$1.2 million, and the absence of overhead costs of S\$3.6 million relating to the disposal of EC Mall, Beijing, which was registered in 1QFY2016.

In addition, share of results of associates increased to S\$4.8 million in 1QFY2017 from S\$4.6 million in 1QFY2016 mainly due to contributions of S\$2.2 million from the Group's Milliners Wharf The Hat Box project in the UK. A fair value gain of S\$0.5 million, as compared to a loss of S\$2.1 million, was registered over the same period from the Group's portfolio of short term equity investments in REITs.

In line with the lower profit before tax recorded, the Group's bottomline was correspondingly impacted, declining 74.0% to S\$9.8 million whilst earnings per share dipped from 4.5 Singapore cents in the previous corresponding period to 1.2 Singapore cents in the latest period.

### **Strong Balance Sheet**

Metro's balance sheet remained strong with cash holdings of S\$479.0 million, signifying good headroom for growth; and shareholders' equity of approximately S\$1.4 billion as at 30 June 2016.

## **Outlook**

Overall, for its Property Division in the PRC, Metro expects the rental income of its GIE Tower investment property in Guangzhou to remain stable; whilst enhancement work on the last level of Metro City, Shanghai, continues. Notably, for the Group's Nanchang project, almost all of the residential and ancillary retail component of the residential development has been sold. Future contribution for the next phase will be from the recognition of presales of office and skirt retail space with over half presold, which will have significantly lower gross margins than those achieved for Nanchang's residential properties.

In Singapore, with the sentiment of the residential property sector being subdued due to the property cooling measures in place, sales of the Group's residential project, The Crest at Prince Charles Crescent, was invariably impacted.

Metro's Chairman, Winston Choo added, "Apart from asset enhancement initiatives to increase the yield of our Grade A property investments, our strategy to unlock capital at the right opportunity also remains consistent. This will allow Metro to invest profitably in the capital intensive field of property development and investment to enhance shareholder value."

The challenges of a keenly competitive and discounted trading environment amidst high operating costs will continue to impact the Group's Retail Division. Going forward, the division's revenue contribution will also be affected, following the closure of Metro Sengkang and Metro City Square in FY2016. In addition, the ongoing makeover of The Centrepoint – where Metro Centrepoint is located – will also continue affecting the division's performance in 2QFY2017.

## **ABOUT METRO HOLDINGS LIMITED**

Listed on the Main Board of the SGX-ST in 1973, Metro Holdings started out in 1957 as a textile store on 72 High Street. Over the years, Metro has grown to become a property and retail group with operations and investments in the region.

Today, the Group operates two core business divisions – property development and investment, and retail – and is focused on key markets in the region such as China, Indonesia and Singapore.

### **Property Development and Investment**

The Group's property arm owns and manages several prime retail and office properties in first-tier cities in China, such as Shanghai and Guangzhou. It has expanded its portfolio to cover a fuller spectrum of properties and also holds significant investments in certain property businesses. This includes mixed-use and residential developments in China, Singapore and the United Kingdom.

### **Retail**

Metro's retail arm serves customers through a chain of three Metro department stores in Singapore, and another nine department stores in Indonesia. The Metro shopping brand is an established household name in the retail industry, and offers a wide range of quality merchandise over 1.4 million square feet of downtown and suburban retail space in Singapore and Indonesia.

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10 August 2016