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NEWS RELEASE

METRO REPORTS 5.9% INCREASE IN PRETAX PROFIT TO S\$86.5 MILLION IN FY2008

- **Group's Property Division Continues To Experience Strong Momentum**

FY2008 Financial Highlights:

- **Revenue increases 4.8% to S\$224.4 million**
- **Group profit before tax climbs 5.9% to S\$86.5 million**
- **Net Profit after MI declines 4.0% to S\$66.0 million**
- **Profit from operating activities increase by 12.3% to S\$55.6 million**
- **Net Asset Value ("NAV") increases 11.1% to 139.4 cents**
- **Proposes an ordinary final dividend of one Singapore cent per ordinary share**
- **Total payout ratio of 40.9%**

"The past financial year has been a challenging but exciting one for the Group, with notably strong momentum from our commercial and retail properties in first-tier cities in China – namely Beijing, Shanghai and Guangzhou.

"With almost 200,000 square metres of NLA and another close to 140,000 square metres under development, Metro is well-positioned to capitalise on the demand-supply imbalance for prime commercial and retail space in China.

"Our rich heritage and well-established retail operations in Singapore and Indonesia give the Group strong foundations to ride the anticipated retail growth trend, especially in Indonesia," said Lt Gen (Retd) Winston Choo (朱维良), Chairman of Metro Holdings Limited.

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Singapore, May 28, 2008 – Mainboard-listed Metro Holdings Limited (“Metro Holdings” or the “Group”)(“美罗控股有限公司”), a growing property development and investment group backed by established retail operations in the region, today reported a strong fourth quarter (“4QFY2008”) performance, with a 58.9% jump in pretax profit of S\$36.4 million even though revenue for the quarter dipped 2.7% to S\$53.2 million. For the full financial year ended March 31, 2008 (“FY2008”), the Group recorded only a modest 5.9% increase in pretax profit of S\$86.5 million on the back of a 4.8% increase in group revenue to S\$224.4 million. Group net profit for the full year declined marginally by 4.0% to S\$66.0 million.

This is largely due to a substantially higher tax charge which rose from S\$10.8 million to S\$20.2 million and a prior year exceptional gain of S\$29.1 million from the divestment of about half of the Group’s investment in Shui On Land Ltd’s shares in FY2007. However, these were offset by a gain of S\$31.9 million from the disposal of Gurney Plaza in Penang and higher gains of S\$14.9 million from fair value adjustments on investment properties in FY2008 compared to S\$2.9 million recorded the previous year.

Profit from operating activities increased by 12.3% from S\$49.5 million in FY2007 to S\$55.6 million in FY2008. This increase was partly attributed to premium rental rates attained as a result of good demand for its properties in China.

SEGMENTAL REVIEW

The Group’s Property Development and Investment Division, which had been built up since it first entered the property sector in China in 1988, continues to be the key contributor to Metro’s bottom-line. In FY2008, this division contributed S\$75.6 million representing 87.4% to the Group’s pretax profit.

Revenue growth, too, was driven mainly by the Group’s Property Development and Investment Division, whilst its Retail Operations experienced a marginal decline.

Property Development and Investment

The Group's property division continued its strong growth momentum in FY2008, with revenue increasing by 37.0% to S\$49.2 million in FY2008, and contributing 21.9% to the Group's total revenue. This was due mainly to the maiden contribution from Metro City Beijing, which was fully opened in September 2007, higher rental income from Metro City Shanghai, as well as a one-time recognition of service charges of S\$4 million.

In addition, the share of results of associated companies for this division saw a four-fold increase to S\$27.2 million, following the disposal of Gurney Plaza in August 2007. The Group also registered a higher gain of S\$14.9 million in FY2008 arising from fair value adjustments on investment properties, compared to FY2007's S\$2.9 million.

As a result, profit before tax for the Group's property division rose to S\$75.6 million in FY2008, an increase of 10.0% over the S\$68.7 million achieved in FY2007, notwithstanding a decline of S\$9.6 million in the fair value of the Group's portfolio of short-term investments as well as the impact of start-up costs of Metro City Beijing.

Retail Operations

Despite the closure of Metro Tampines in August 2007, the Group's retail segment maintained a relatively stable performance, registering only a marginal 1.7% decline in revenue to S\$176.4 million in FY2008. The impact of Metro Tampines' closure was mitigated by a well-supported closing down sale and improved sales at the Group's remaining Metro outlets in Singapore.

The Group's retail division contributed 78.6% to the Group's total revenue. In tandem with the fall in revenue, profit before tax for the retail division decreased by 16.5% to S\$10.9 million in FY2008.

STRONG BALANCE SHEET

With the adoption of FRS 40 from April 1, 2007, the Group's total assets rose by 11.0% to S\$1.2 billion as at March 31, 2008, partially due to the reclassifications of Metro City Shanghai and Gurney Plaza, from Property, Plant and Equipment to Investment Properties and revalued accordingly. In line with this, Net Asset Value per ordinary share improved from S\$1.25 to S\$1.39.

The Group reported total shareholders' equity of S\$879.6 million, a cash position of S\$173.7 million and relatively low net gearing of 0.2 times, as at March 31, 2008.

Buoyed by the Group's healthy balance sheet, the Group has proposed an ordinary final dividend of one Singapore cent per share. Together with the interim and special dividends paid out in December 2007, the total dividend for FY2008 is five Singapore cents per ordinary share. This translates to a payout ratio of 40.9% of the Group's net profit attributable to shareholders for FY2008.

OUTLOOK

The Group's properties are expected to generate a steady flow of rental income. In addition, the Group's new properties under development, held by associates, are expected to commence operations in 4QFY2009. Specifically, the Gurney Plaza extension and 1 Financial Street, Beijing are due to come on stream towards the end of 2008, and start to contribute in the fourth quarter of FY2009. The other two buildings in Beijing – Metropolis Tower and ECMall - would be ready in 4QFY2009 and 1QFY2010.

On the retail front, whilst sales of continuing stores are expected to remain stable, the closure of Metro Tampines will have some impact on the Group's turnover. Plans are underway to open two new stores in Singapore and Indonesia in 2009.

Concluded Lt Gen (Retd) Winston Choo, "We will continue to capitalise on our long and successful track record in China, and work with our strategic partners to expand our business. The Group's balance sheet remains healthy with low gearing. This will put us in a strong position to explore new initiatives as and when the opportunities arise."

About Metro Holdings Limited

Listed on the Main Board of the SGX-ST in 1973, Metro Holdings was founded in 1957 by its former chairman, Ong Tjoe Kim. Starting out as a textile store on 72 High Street, Metro has grown over the years to become a property and retail group with a turnover of S\$224.4 million and net assets of S\$879.6 million as at March 31, 2008.

Today, the Group operates two core business segments – 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 Beijing, Shanghai and Guangzhou, and also holds significant investments in certain property businesses in China.

Retail Operations

Metro's retail arm serves customers through a chain of three Metro department stores and four "Accessorize" specialty stores in Singapore, and another five department stores in Jakarta and Bandung, Indonesia. The Metro shopping brand is an established household name in the retail industry, and offers a wide range of quality merchandise over 821,000 square feet of downtown and suburban retail space.

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