



NEWS RELEASE

METRO REPORTS REVENUE OF S\$46.7 MILLION IN Q1FY2009

- **Net profit declined to S\$5.7 million mainly due to:**
 - **Decrease in the fair value of the property division's portfolio of short-term investments (unrealised)**
 - **Cash pressures on Singapore retail operations and start-up costs of new store in Indonesia**

- **Group's property division continues to experience strong momentum**
 - **Four properties in first-tier cities in China continue to enjoy strong rental rates and high occupancy rates**
 - **Another four properties under development are scheduled for completion in 2008/2009 in both China and Malaysia**

Singapore, August 13, 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 15.2% decline in revenue to S\$46.7 million for the first quarter ended June 30, 2008 (“Q1FY2009”). Group net profit for the first quarter declined by 58.6% to S\$5.7 million.

Compared to the corresponding quarter in the last financial year, the decline in Group turnover in Q1FY2009 was mainly because last year included sales from the Metro Tampines department store which closed in August 2007. This decrease was partially mitigated by a 20.4% increase in revenue contribution, from S\$9.8 million to

S\$11.8 million, from the Group's property division over the same period. Premium rental rates were attained as a result of good demand for its properties in China.

The Group's pretax profit was eroded as a result of a decrease of S\$9.5 million (unrealised) in the fair value of the property division's portfolio of short-term investments.

The Group's retail division dipped into the red, from a profit of S\$2.5 million to a loss of S\$51,000, reflecting cost pressures amidst a competitive retail trading environment as well as start-up costs of the retail division's associated company's new store in Indonesia.

"The past quarter has been a challenging but exciting one for the Group. Notwithstanding the difficult retail operating environment, we have once again noted strong momentum from our commercial and retail properties in first-tier cities in China – namely Beijing, Shanghai and Guangzhou.

"We are now seeing more and more attractive property investment opportunities, especially for the PRC commercial and retail real estate market. With almost 200,000 square metres of Net Lettable Area and another close to 140,000 square metres under joint development, we are poised to capitalise on the growing demand for prime commercial and retail space in China.

"We will continue to leverage on our rich retail heritage to grow our commercial and retail property business in China and the region," said Lt Gen (Retd) Winston Choo (朱維良), Chairman of Metro Holdings Limited.

SEGMENTAL REVIEW

The Group's Property Development and Investment Division continues to be the key contributor to Metro's bottom-line, driven by its established property portfolio in China, which had been built up since its first entrance into the country in 1988.

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

Property Development and Investment

The Group's Property division continued its strong growth momentum in Q1FY2009, with revenue increasing by 20.0% to S\$12.0 million. This was due mainly to the maiden contribution from Metro City Beijing, which was fully opened in September 2007 and higher rental income from Metro City Shanghai.

However, profit before tax for the Group's property division was reduced from S\$15.6 million in Q1FY2008 to S\$7.8 million in Q1FY2009 due to an accounting decline in the fair value of the Group's portfolio of short-term investments (unrealised).

Retail Operations

With the closure of Metro Tampines in August 2007, the Group's retail segment registered a 23.0% decline in revenue to S\$34.9 million in Q1FY2009.

In tandem with the fall in revenue, cost pressures amidst a competitive trading environment and start-up costs of the Group's new store in Indonesia, the retail division registered a loss of S\$51,000.

Strong Balance Sheet

The Group's balance sheet remained strong, reflecting total shareholders' equity of S\$886.3 million, a healthy cash position of S\$162.2 million and relatively low net gearing of 0.03 times, as at June 30, 2008.

OUTLOOK

The Group's four properties, located in China's first-tier cities, enjoyed healthy occupancy rates averaging close to 87%, and are expected to continue to provide a steady flow of rental.

In retail, the uncertain economic outlook and inflationary pressures are expected to continue to dampen consumer spending.

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. Indeed, office and retail properties in China continue to see strong take-up and rental rates, in line with the Chinese economy's robust growth targeted at 8% to 10% annually. Our four properties under joint development – three in China and one in Malaysia – with a total Net Lettable Area of 139,500 are scheduled for completion in 2008/2009. We are optimistic that the robust economy in China presents good growth opportunities."

"In addition, the Group's balance sheet remains healthy with low gearing. This, together with our recent fund raising exercise, will put us in a strong position to explore new initiatives as and when the opportunities arise."

About Metro Holdings Limited

Listed on the Mainboard 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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