



NEWS RELEASE

METRO HOLDINGS' NET PROFIT INCREASES 98.4% TO S\$60.6 MILLION FOR 2QFY2015

- ***Recognition of Top Spring as associate company results in initial gain of S\$59.3 million***
- ***Maintains strong balance sheet with cash holdings of S\$175.1 million***
- ***Shareholders' equity of S\$1.2 billion as at 30 September 2014***

Singapore, 11 November 2014 – 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\$60.6 million for the three months ended 30 September 2014 (“2QFY2015”), rising 98.4% from S\$30.6 million in the previous corresponding period (“2QFY2014”).

The Group recorded revenue of S\$31.3 million for the quarter compared to S\$33.0 million in 2QFY2014. Revenue for the Group’s core Property Division declined to S\$2.5 million in 2QFY2015 from S\$2.8 million in 2QFY2014 largely as a result of lower occupancy at GIE Tower, Guangzhou, the weaker Renminbi which dipped 1.4% and also a foreign exchange loss realised on repayment of shareholders loans. The Group’s average occupancy rate for its five investment properties in China and Japan during the quarter continued to remain high at 93.7% despite a decline in Metro City, Shanghai’s occupancy rate due to the next phase of refurbishment works scheduled.

Amidst a more competitive retail environment, the Group's Retail Division recorded revenue of S\$28.8 million in 2QFY2015, a decrease from S\$30.2 million in 2QFY2014. In addition, the Retail Division incurred higher expenses contributed by higher operating expenses and the pre-opening costs for the Group's new Metro Centrepoint store along the busy Orchard Road shopping belt in Singapore. Metro's Indonesia retail operations experienced an improved environment but continued to be impacted by high operating costs.

As a result, the Group's gross profit for 2QFY2015 was lower at S\$2.2 million, driven mainly by lower rents achieved at GIE Tower, Guangzhou, as well as the higher operational costs incurred by the Retail Division. A S\$0.3 million gain on disposal of short term investments in 2QFY2015 against a loss on disposal of short term investments of S\$1.8 million in 2QFY2014 contributed to the increase in other income to S\$3.1 million during the quarter from S\$2.1 million in 2QFY2014.

The Group recognised its available-for-sale investment in Top Spring International Holdings Ltd ("Top Spring") as an associate company with effect from 1 July 2014. As such, Metro recorded a one-off gain amounting to S\$59.3 million which is a transitional negative goodwill representing the excess of Metro's share of the fair value of Top Spring's net identifiable assets as at its acquisition date over the purchase consideration carried on the Group's balance sheet as at 1 July 2014. The Group also recognised S\$4.9 million in negative goodwill which arose from its acquisition of an associate, a UK real estate company, now known as Fairbriar Real Estate Ltd (formerly Scarborough Real Estate Ltd).

In addition, the Group recorded unrealised impairment charges of S\$10.3 million on its Shui On Land Ltd investment as a result of a decline in its fair value.

Share of results of jointly controlled entities increased to S\$12.4 million in 2QFY2015 from S\$6.0 million in 2QFY2014 largely attributable to unrealised fair value gains from investment properties and the higher rental income achieved by EC Mall, Beijing.

Consequently, overall net profit was up 98.4% to S\$60.6 million during the quarter from S\$30.6 million in 2QFY2014.

Metro's Chairman, Lt Gen (Rtd) Winston Choo (朱维良), said, "In property, prudent asset enhancements to our portfolio in Tier-1 Chinese cities will continue as we strive for an optimal tenant mix and efficient management of our assets to further improve mid to long-term profitability of our business. The next phase of reconfiguration to our Grade A Metro City commercial development in Shanghai has commenced. Whilst we anticipate some near-term impact to profitability, overall rental income of our Property Division is expected to remain steady.

"In Retail, we are pleased with the progress of our new store at Centrepoint which had its soft opening on November 8. We will seek to provide a fresh concept of modern retail experience for consumers, one that complements our existing store at Paragon and adds to the glitz of the busy Orchard Road shopping belt. However, in light of the competitive retail environment and the trend of rising operational costs in Singapore and Indonesia, we expect our Retail Division's operations to be challenged."

Strong Balance Sheet

The Group's balance sheet continues to remain robust with cash holdings of S\$175.1 million and shareholders' equity of approximately S\$1.2 billion as at 30 September 2014.

Outlook

Within China, Metro's residential properties of its Nanchang project in the prime Hong Gu Tan CBD area of Nanchang, China, continue to be sold in phases. With about 114,680 sq m gross floor area worth HK\$1,912.4 million (approximately S\$313.6 million) presold during the quarter, total to-date sales by the Group's 30% held associate, Nanchang Top Spring Real Estate Co., Ltd, reached HK\$3.6 billion as at 30 September 2014.

Metro's Chairman, Winston Choo added, "Beyond commercial properties, we have broadened our portfolio to include mixed-use developments, residential developments as well as serviced apartments in markets such as China, Singapore and the UK. We are pleased with the brisk pre-sales of the Nanchang project, with Phase one slated for completion in late 2014/early 2015."

The residential property sector in Singapore is experiencing a more cautious and muted market sentiment following the various property cooling measures deployed by the government to arrest rising prices. The Group's residential project, The Crest at Prince Charles Crescent, is currently undergoing a soft launch preview and notwithstanding the tempered property market, is expected to be completed in late 2016.

"In all, we will continue to leverage on our strong reputation and extensive network of contacts in our search for high value-add projects to broaden our portfolio in China and the region," concluded Lt Gen (Rtd) Winston Choo, Metro's Chairman.

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 Beijing, 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 more recently, the United Kingdom.

Retail

Metro's retail arm serves customers through a chain of five 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 1.5 million square feet of downtown and suburban retail space in Singapore and Indonesia.

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