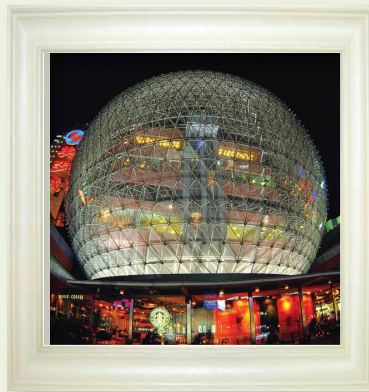


Metro Holdings Limited Annual Report 2005



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CORPORATE PROFILE

The Metro Group's core businesses in property and retail are focused on some of the key cities of Singapore, Malaysia, China, Indonesia and Australia. A team of 880 staff supports our businesses.

Metro operates a chain of four Metro department stores in Singapore and another four department stores in Jakarta and Bandung, Indonesia. It is a familiar household name in these countries. The Metro shopping experience encompasses a wide range of merchandise on offer over 783,000 square feet of downtown and suburban retail space.

The Group owns and operates several prime retail and office properties in Shanghai and Guangzhou in China and Penang in Malaysia. It also holds significant investments in certain property businesses in China.



CHAIRMAN'S STATEMENT

The redeployment of financial resources from the securitisation of the Group's 27% interest in Ngee Ann City, Singapore, has begun to facilitate an expansion of our investment and property portfolio as well as the Group's revenue stream.

Group turnover declined from \$233.1 million to \$203.7 million with the closure of the retail division's Metro Marina store and the cessation of rental income from Ngee Ann City. Profit before tax fell from \$224 million to \$40.4 million, due to last year's exceptional gain of \$230.1 million arising from the disposal of the Group's interest in Ngee Ann City. However, profit before exceptional items and taxes rose from \$20.4 million to \$35.5 million as income from new investments started to flow in. The directors are pleased to propose a first and final gross dividend of 2 cents per share or \$10.1 million after deducting income tax.

Property

Our investments and property interests in China, which has one of the fastest growing economies in Asia, were expanded during the year.

The Group has invested US\$50 million, in preference shares of Shui On Land Ltd, a premier real estate developer in Shanghai, China. The investment provides a steady stream of dividend income as well as participating rights. Shui On Land continues to grow its property portfolio in China. The Chuangzhi Tiandi development in Shanghai, Xihu Tiandi in Hangzhou, the Hualongqiao project in Chongqing and land banks in Wuhan have been added to the urban, mixed-use Taipingqiao and residential Rainbow City developments in Shanghai.

The Group also invested US\$25 million in International Commerce & Trade Plaza, a wholesale trade centre in Urumqi, Xinjiang, China. Urumqi is the commercial and trade center of resource rich Xinjiang and the surrounding central asian region.

Meanwhile, Metro City in Shanghai continues to improve on its tenant mix and its rental income.

THE GROUP WILL CONTINUE TO PURSUE
INVESTMENT AND DEVELOPMENT OPPORTUNITIES
IN THE REGION DRAWING ON ITS EXPERIENCE
IN THE NICHE MARKETS IN WHICH IT OPERATES.

Ong Tjoe Kim, Chairman

The Group's effective stake in the Gurney Park development was also increased from 39% to 48.5%. Gurney Plaza's asset enhancement exercise is almost complete and will reposition Penang's premier mall for rental growth. Work has also recently restarted on the hotel element of Gurney Park.

Both Metro City and Gurney Plaza have contributed substantially to the Group's revaluation reserves as their valuations have risen.

Retail

Although top line turnover fell with the closure of the Metro Marina store last year, the retail division has been able to maintain profitability as the contribution from the Metro Marina store last year had been marginal. A modest expansion of the retail sector in line with growth in the Singapore economy, helped to offset the impact of the competitive nature of the trade.

Outlook

The revenue stream from the existing properties will remain stable whilst income from the new investments will grow progressively. The Group will continue to pursue investment and development opportunities in the region drawing on its experience in the niche markets in which it operates.

The retail division will maintain its four department stores operations in Singapore. It will continue to focus on improving its merchandise offering, containing discounts and improving margins.

On behalf of the Board, I would like to thank all our customers, business associates and shareholders for their support. I would also like to thank our staff for their efforts and contributions.



Ong Tjoe Kim
Chairman





Rainbow City



Hualongqiao



ICT Plaza



Chuangzhi Tiandi



Xintiandi, Taipingqiao





Gurney Plaza



Metro City



GIE Tower



Metro Tower



Ngee Ann City

PROPERTY

Five properties that spell distinction and prestige. A lifestyle of privilege reflected in 2.2 million square feet of prime property.

The Metro Group's property division has made significant investments in Shui On Land Ltd, a premier real estate developer based in Shanghai, China, and in a wholesale trading centre in Urumqi, Xinjiang, China. The division also continues to own and operate four properties which it has developed in the cities of Shanghai and Guangzhou in China, and in Penang, Malaysia. These properties comprise of prime retail/leisure space and quality office space.





Xintiandi, Shanghai



Corporate Avenue, Taipingqiao, Shanghai



Xihu Tiandi, Hangzhou

OPERATIONS REVIEW - PROPERTY

During the financial year, the Metro Group's property division has made significant investments in Shui On Land Ltd ("SOL"), a premier real estate developer based in Shanghai, China, and in a wholesale trading centre in Urumqi, Xinjiang, China. The division also continues to own and operate four properties which it has developed in the cities of Shanghai and Guangzhou in China, and in Penang, Malaysia. These properties comprise of prime retail/leisure space and quality office space.

The securitisation of the Group's 27% interest in Ngee Ann City, Singapore and the consequential cessation in rental income, resulted in the property division's turnover declining from \$51.7 million to \$41.1 million. Profit before interest, exceptional items and tax rose from \$17.7 million last year to \$29.9 million. However, exceptional items declined from \$203.6 million to \$4.9 million as last year included the recognition of 70%, amounting to \$230.1 million, of the gain arising from the sale of the interest in Ngee Ann City.

Ngee Ann City, Singapore

Subsequent to the end of the financial year, the Group has, subject to shareholder's approval in general meeting, disposed of its investment in 30% of the fixed income junior debt securities and preference shares issued by the special purpose vehicle that holds the 27% interest in Ngee Ann City.

Shui On Land, Shanghai

The Group has invested in US\$50 million of convertible redeemable participating preference shares of SOL. The investment provides the Group with a fixed annual dividend as well as grants participation rights on redemption or on conversion to ordinary shares upon an initial public offering of SOL.

SOL is a premier real estate developer, owner and operator in China, focusing on city core development projects (ie. large scale, urban mixed use developments) and integrated residential development projects (ie. high quality, integrated residential projects targeting the urban middle classes). SOL's projects include Taipingqiao, Rainbow City and Chuangzhi Tiandi in Shanghai, Xihu Tiandi in Hangzhou, Hualongqiao in Chongqing and Yongqing in Wuhan.

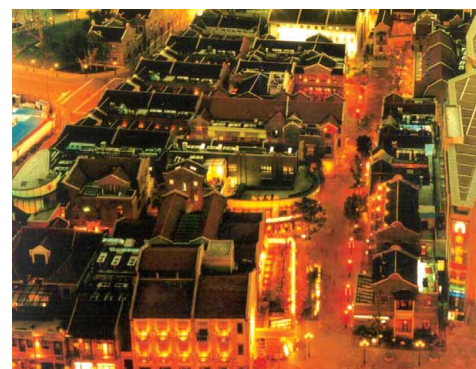
Taipingqiao is a 360,000 square metres city core development in the city centre of Shanghai. It comprises of a historic preservation zone, Xintiandi, with specialty food and beverage, entertainment



Yongqing, Wuhan



Knowledge Hub, Chuangzhi Tiandi, Shanghai



Xintiandi, Shanghai

and retail outlets, a corporate office zone and residential zones. Construction work and site clearance is currently in progress on two up-market residential plots with a site area totalling approximately 56,000 square metres. Work on one of the plots will be completed by mid 2006.

Rainbow City is an upper-middle class residential development project in Hongkou District, Shanghai, with a total site area of about 354,000 square metres. Two blocks of two hundred and seventy-four residential apartments of the current development phase were sold in late 2004. The remaining four blocks of residential apartments are expected to be sold and completed in stages by mid 2006. The entire Rainbow City development will eventually comprise over 1,200,000 square metres of residential space and 230,000 square metres of ancillary commercial and shopping facilities.

Chuangzhi Tiandi is a "Live-Work" development with a strong emphasis on education, innovation and technology, situated close to major universities and colleges in Yangpu, Shanghai. The master plan for the development covers a 839,000 square metres site. Design and construction work is currently concentrated on the initial phases of the Knowledge Hub and the Live/Work Area. The Knowledge Hub will form a work, business, innovation, learning, leisure, entertainment and cultural core. The Live/Work Area will provide residential units, offices, retail shops and recreational amenities. The first phases are due for completion by early 2006.

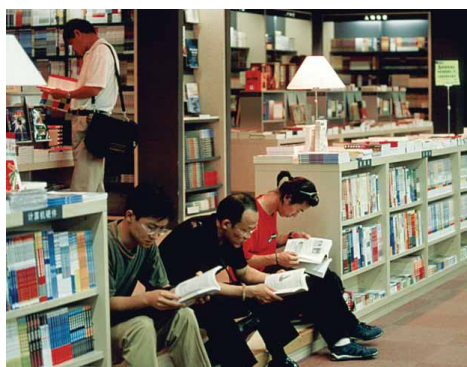
Xihu Tiandi is a leisure and lifestyle destination situated on the south-eastern bank of Hangzhou's famous West Lake. The development features food and beverage, retail and entertainment facilities in a 30,000 square metres lush garden and public park setting.

Hualongqiao is situated on the south bank of the Jialing river, just upstream of the confluence of the Yangtze and Jialing rivers in the Yuzhong District of Chongqing. The development will feature residential villages on the hillsides replicating Chongqing's traditional hill-town characteristics and offering scenic views of a man-made lake and the river. A commercial core with offices, exhibition space and hotels offering dining, shopping and entertainment amenities is also envisaged at a later stage of the development.

Yongqing is a 514,000 square metres development located next to the inner ring road of Wuhan which will have residential, office and retail components. The site is located in Hankou's JiangHan District at the prominent waterfront along the Yangtze river.



ICT Plaza Exhibition Hall, Xinjiang



Metro City, Shanghai



Metro Tower, Shanghai

METRO CITY Tenants:

BreadTalk / Buynow
Computer World / Food
Junction / Häagen Dazs /
International Hi-Fi Plaza
/ Itaya / Kentucky Fried
Chicken / Kodak Cinema
/ PHYSICAL Fitness &
Beauty Centre / Pizza
Hut / Prima Taste /
scholar / sega /
starbucks Coffee /
sushi Tei / Swensons
/ Watsons

International Commerce and Trade Plaza, Urumqi

The Group has also invested US\$25 million in International Commerce and Trade Plaza ("ICT Plaza") in Urumqi, Xinjiang. Urumqi is the commercial and trade center of Xinjiang and the Central Asian region. Goods flow from the rest of China and Hong Kong into this region through Urumqi. ICT Plaza acts as a wholesale commercial trade center and facilitates this trade, focusing on the furnishing trade. The 290,000 square metres complex also features a large exhibition hall on the uppermost sixth level. Our investment, which has a redemption option after 3 years, is anchored on this underlying flow of trade and will generate a steady flow of dividend and interest income.

Metro City, Shanghai

Strategically located at Xujiahui, Shanghai, Metro City is a lifestyle entertainment centre with 350,000 square feet of space. Strategically linked to major access roads and the Shanghai subway system, Xujiahui is a major retail and leisure hub that draws in very high shopper traffic from south-central Puxi.

METRO TOWER Tenants:

AIA / Exxon Mobil /
Microsoft / Yum! Brands
/ Swatch Group

Metro City offers a variety of leisure and lifestyle choices including a cineplex, an amusement centre, fitness centres and a wide array of dining options. It has carved for itself a niche as a popular information technology centre and also offers books, music and audio equipment. Although Metro City is fully tenanted, rental income rose as the audio equipment and handphone zones were repositioned and upgraded.

Metro Tower, Shanghai

Metro Tower is a 27-storey 423,000 square feet Grade A office building located next to Metro City. Mostly occupied by multi-national tenants, it boasts an average occupancy rate of 97%.



Metro City, Shanghai



GIE Tower, Guangzhou



Gurney Plaza, Penang

GIE Tower, Guangzhou

Located in Huanshi Road East, in the central business district of Dongshan, Guangzhou, GIE Tower offers 306,000 square feet of Grade A office space. Occupancy has risen from 87% to 91%.

Gurney Park, Penang

The Group has further increased its effective stake in Gurney Park from 39% to 48.5% during the year.

Gurney Plaza continues to be the most popular premier lifestyle shopping, dining and entertainment destination in Penang, Malaysia. The 700,000 square feet mall fronts the Gurney Drive esplanade and has over 200 retail, entertainment and food and beverage outlets including a department store and supermarket as anchors. Occupancy has fluctuated between 80% and 90% due to an asset enhancement exercise being undertaken in phases. However, rental income has risen in spite of the disruptions. When completed in the third quarter of 2005, the asset enhancement will help to maintain the high volume of recurring shopper traffic and improve rental yield.

Construction work on the hotel component of Gurney Park has recently restarted and hotel operations are expected to commence in 2006.

The Oasis Resort, Cairns

Whilst occupancies at the beginning of the financial year were flat, the resort achieved several record occupancies during the second half of the year as international market segments recovered and domestic arrivals were boosted by extra flight capacity.

GIE TOWER Tenants:

Bank of China / Ericsson
/ Jebsen / Kao Corporation
/ KPMG / Manulife /
Schneider Electric / Sony /
Xin Li Zi Wan Restaurant

GURNEY PLAZA Tenants:

Bumcity / Cold Storage /
Golden Screen Cinemas /
Makan Makan / Mekio
/ Padini / Parkson Grand
/ Redbox Karaoke / Reject
Shop / Rozzini / Seng /
Toys "R" Us



RETAIL

Eight retail stores regionally. A familiar, welcomed brand. Fabulous shopping indulgences. Welcome to Metro.

For the year under review, Metro operated four department stores against five department stores last year. With one less department store in operation, sales performance declined. However, operating profit improved as the contribution from the Metro Marina store, which closed last year, was marginal.



Metro Paragon, Singapore



Metro Tampines, Singapore



Metro Bandung Supermall, Indonesia



Metro Senayan Square, Indonesia



Metro Causeway Point, Singapore



Metro Sengkang, Singapore



Metro Taman Anggrek, Indonesia



Metro Pondok Indah, Indonesia



Accessorize



Metro Paragon, Cosmetics Department



Metro Paragon, Shoes Department



Metro Sengkang, Men's Department

OPERATIONS REVIEW - RETAIL

SINGAPORE

RETAIL OUTLETS:

*Metro Paragon /
Metro Tampines /
Metro Woodlands /
Metro Sengkang*

Overall Business Review

Singapore

For the year under review, Metro operated four department stores against five department stores last year. With one less department store in operation, sales performance declined. However, operating profit improved as the contribution from the Metro Marina store, which closed last year, was marginal.

Indonesia

Our associate company in Indonesia operates four department stores and continues to contribute positively to the Group's performance. Our focus will be to explore opportunities for expansion.

Merchandise and Marketing

We continue to enhance our import program and improve our merchandise offering to our customers and increase gross margins. We are developing closer working relationships with our international and local business partners to strategically position us in the competitive environment in which we operate.

The Metro customer loyalty program card and Metro/UOB Visa card has been very well received and customer participation in partial redemption of Metro cards rewards program has doubled. Ongoing efforts are being made to step-up our events and activities to further increase our card membership.

Metropolis Singapore:





Metro Bandung Supermall, Ladies' Department



Metro Senayan Square, Children's Department



Metro Taman Anggrek, Household Department

Information Technology

Ensuring the security of information systems and improving operational efficiency remain the key thrusts in this area. In view of growing IT security threats, continuous effort and investment into new IT security technology have been made to protect Metro's IT infrastructure. To enhance organisation productivity, a new groupware was installed. Similarly, operation efficiency is continuously enhanced by utilising IT as the key driver to improve internal workflow processes. Automation of other work processes is also underway.

INDONESIA

RETAIL OUTLETS:

*Metro Pondok Indah
/ Metro Senayan Square
/ Metro Bandung Supermall
/ Metro Taman Anggrek*

Human Resource

Our people continue to be our greatest asset and our partners in business. Human Resource's approach is to realise growth for our associates. Beginning with hiring the right people, the Human Resource department also has a host of programs aimed at people development. In September 2004, Metro was awarded the Approved Training Centre status, the Approved Assessment Centre status and the Approved Training Program status for four of our in-house programs. These awards were accorded to us by the Singapore Workforce Development Agency.

For the Company's on-going efforts in developing our people, Metro has again achieved the People Developer Standard certification. In recognition of their performance, many of our associates received awards at national level.

Outlook

For the year ahead, the retail division expects to improve sales performance and maintain net operating profits. The thrust forward is to get to know our customers better, meet their needs and build customer loyalty. Our emphasis will be to work at transforming the service culture of Metro and to make a quantum leap in customer satisfaction in order to improve business results.

FINANCIAL REVIEW

Performance

Operating results improved as income flowed in from investments made utilising the proceeds of the securitisation of the Group's 27% interest in Ngee Ann City in 2003.

Turnover fell from \$233.1 million to \$203.7 million because of the closure of the Metro Marina store last year and the cessation of rental income from Ngee Ann City. Property contributed 21% and retail 78% of total Group revenue.

The property division's operating results rose to \$29.9 million from \$17.7 million last year. Income from new investments made in Shui On Land Ltd and improved rental yield from Metro City in Shanghai drove the improved performance. The retail division was able to maintain its operating performance as the contribution of the Metro Marina store last year had been marginal. 82% of profit from operating activities was contributed by the property division.

Exceptional items fell from \$203.6 million to \$4.9 million as last year included the recognition of 70% of the revaluation surplus relating to the 27% interest in Ngee Ann City. This amounted to \$230.1 million.

Assets

Total Group assets increased to \$813.5 million from \$696.7 million as land and buildings were revalued in accordance with the Group's accounting policies. As a result, property, plant and equipment and the carrying value of associated companies rose by over \$90 million.

During the year, \$53 million was invested in preference shares of Shui On Land Ltd and \$41 million in International Commerce and Trade Plaza in Urumqi, China. 48% of total Group assets are now invested in China compared with 32% last year.

Shareholders' Equity

Group shareholders' funds rose to \$609.0 million as at 31 March 2005 from \$520.2 million at 31 March 2004 mainly due to the \$72.9 million increase in capital reserve arising from the revaluation of land and buildings. Consequently, the Group's net asset value per share was \$0.97 against \$0.82 last year.

Gearing

The Group's gearing (total liabilities) improved, falling to 0.32 from 0.34, with a net cash position of 0.08 times of equity.

FINANCIAL HIGHLIGHTS

	2005 \$'000	2004 \$'000	% Change
Profit and Loss Accounts			
Turnover	203,670	233,054	(12.61)
Net profit before tax	40,423	224,019	(81.96)
Net profit attributable to shareholders	31,049	222,575	(86.05)
Balance Sheets			
Total assets	813,533	696,731	16.76
Total borrowings	95,514	79,732	19.79
Shareholders' funds	609,043	520,157	17.09
Financial Ratios			
Earnings per share after tax and minority interests (cents)	4.92	35.29	(86.06)
Return on shareholders' funds (%)	5.50	40.06	(86.27)
Return on total assets (%)	4.11	27.50	(85.05)
Dividends			
Final gross dividend rate (%)	10.00	10.00	–
Final net dividend per share (cents)	1.60	1.60	–
Special interim gross dividend rate (%)	–	75.00	N.A
Special interim net dividend per share (cents)	–	11.70	N.A
Dividend cover (times)	3.08	2.65	16.23
Net assets per share (\$)	0.97	0.82	18.29
Debt/Equity ratio (net of cash) (times)	(0.08)	(0.29)	(72.41)
Interest cover (times)	13.90	53.91	(74.22)

FIVE YEARS FINANCIAL SUMMARY

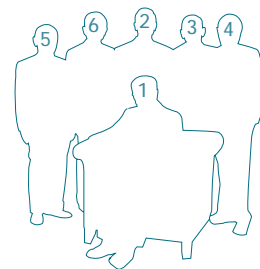
	2005	2004	2003	2002	2001
Financial Results (\$'000)					
Turnover	203,670	233,054	254,319	259,790	258,145
Profit before exceptional items and tax	35,544	20,445	40,746	31,478	27,780
Exceptional items	4,879	203,574	7,527	2,942	3,732
Net profit before tax	40,423	224,019	48,273	34,420	31,512
Minority interests	(1,408)	217	556	588	700
Taxation	(7,966)	(1,661)	(10,372)	(8,212)	(10,381)
Net profit attributable to shareholders	31,049	222,575	38,457	26,796	21,831
Net final dividend proposed	10,092	10,092	9,840	4,100	3,572
Net special interim dividend	–	73,801	–	–	–
Balance Sheets (\$'000)					
Property, plant and equipment	174,615	135,004	136,859	138,478	131,185
Investment properties	89,017	89,582	635,549	636,678	641,641
Non-current assets	247,904	102,230	21,177	13,067	13,941
Current assets	301,997	369,915	128,313	126,302	148,579
Total assets	813,533	696,731	921,898	914,525	935,346
Current liabilities	(134,008)	(116,747)	(211,311)	(143,284)	(160,608)
Long term and deferred liabilities	(62,033)	(57,533)	(118,499)	(212,560)	(239,177)
Total net assets	617,492	522,451	592,088	558,681	535,561
Financed by:					
Share capital	126,155	126,155	126,155	105,129	105,129
Reserves	482,888	394,002	464,905	452,711	427,349
Shareholders' funds	609,043	520,157	591,060	557,840	532,478
Minority interests	8,449	2,294	1,028	841	3,083
	617,492	522,451	592,088	558,681	535,561

	2005	2004	2003	2002	2001
Financial Ratios					
Earnings per share after tax, minority interests and extraordinary items (cents) #	4.92	35.29	6.10	4.25	3.46
Earnings per share after tax, minority interests but before extraordinary items (cents) #	4.92	35.29	6.10	4.25	3.46
Return on shareholders' funds (%) *	5.50	40.06	6.69	4.92	4.17
Return on total assets (%) *	4.11	27.50	4.19	2.90	2.33
Dividends proposed					
Final gross dividend rate (%)	10.00	10.00	10.00	5.00	4.50
Final net dividend per share (cents) #	1.60	1.60	1.56	0.65	0.57
Special interim gross dividend rate (%)	–	75.00	–	–	–
Special interim net dividend per share (cents)	–	11.70	–	–	–
Dividend cover (times)	3.08	2.65	3.91	6.54	6.11
Net assets per share (\$) #	0.97	0.82	0.94	0.88	0.84
Debt/equity ratio (net of cash) (times)	(0.08)	(0.29)	0.29	0.38	0.43
Total liabilities to shareholders' funds (times)	0.32	0.34	0.56	0.64	0.76
Interest cover (times)	13.90	53.91	7.64	3.93	2.56

Notes

- 1 * In calculating return on shareholders' funds and return on total assets, the average basis has been used.
- 2 # Comparative figures for 2001 to 2002 have been adjusted to reflect the bonus issue of 105,129,446 new ordinary shares issued during the financial year ended 31 March 2003.





BOARD OF DIRECTORS

Ong Tjoe Kim, *Executive Chairman* ¹

Mr Ong Tjoe Kim is the Chairman of Metro Holdings Limited ("Metro"). He has served as Chairman of Metro since its incorporation and listing on the Stock Exchange of Singapore in 1973. He has extensive experience in the retail trade, having founded the first Metro store in High Street in 1957.

Jopie Ong Hie Koan, *Group Managing Director* ²

Mr Jopie Ong is the Group Managing Director of Metro, a position he has held since 1973. He was previously the Chairman of Transmarco Limited as well as a Director of Metrojaya Berhad, a company listed on the Kuala Lumpur Stock Exchange. Mr Ong joined Metro in 1964 and his experience at board level covers the retail, property development, construction, hotel and leisure industries.

Chan U Seek, *Director* ³

Mr Chan U Seek has been a Director of Metro since 1973. He has over 50 years' experience covering a wide spectrum of trading in Southeast Asia in products ranging from native produce to defence equipment and aviation, and manufacturing of optics.

Jackson Lee Chik Sin, *Director* ⁴

Mr Jackson Lee has been a Director of Metro since 1983. He was the Chief Executive of Transmarco Limited from December 1983 until 1995 when Metro disposed of its controlling interest in that company. He is Chairman of the Audit Committee and a member of the Nomination and Remuneration Committees. Mr Lee also serves on the boards of City e-Solutions Ltd, Hong Leong Finance Ltd and Hong Fok Corporation Ltd. Mr Lee is a Fellow of the Institute of Chartered Accountants in Australia.

Lee Khoon Choy, *Director* ⁵

Mr Lee Khoon Choy was appointed Director of Metro in 1991. He is the Chairman of Eng Lee Investment Consultants Private Limited and Sin Soon Huat Limited as well as a Director of Koh Brothers Ltd and L & M Group Investments Limited. Mr Lee has served as Singapore's Senior Minister of State (Foreign Affairs and Prime Minister's Office) and has been Singapore's Ambassador to eight countries - Egypt, Yugoslavia, Ethiopia, Pakistan, Lebanon, Indonesia, Japan and South Korea. He holds a Diploma in Journalism from London Polytechnic and was awarded honorary professorship by the China Academy of Social Science.

Phua Bah Lee, *Director* ⁶

Mr Phua Bah Lee joined the Board of Metro in 1993. He is also a Director of GP Batteries International Ltd, GP Industries Ltd, Pan United Corporation Ltd, QAF Ltd, Singapura Finance Ltd and Wing Tai Holdings Ltd. He was the Parliamentary Secretary of the Ministry of Communications from 1968 to 1971 and Senior Parliamentary Secretary of the Ministry of Defence from 1972 to 1988. He was a Member of Parliament for the Tampines Constituency from 1968 to 1988. He graduated from the Nanyang University, Singapore, with a Bachelor of Commerce degree.

Messrs. Ong Tjoe Kim, Chan U Seek, Jackson Lee Chik Sin, Lee Khoon Choy and Phua Bah Lee were last re-elected at Metro Holdings Ltd's Annual General Meeting on 16 July 2004.

KEY MANAGEMENT

Ong Tjoe Kim, *Executive Chairman*

Mr Ong Tjoe Kim has served as Chairman of Metro, providing vision and guidance since its incorporation and listing on the Stock Exchange of Singapore in 1973. He has extensive experience in the retail trade, having founded the first Metro store in High Street in 1957.

Jopie Ong Hie Koan, *Group Managing Director*

Mr Jopie Ong has been the Group Managing Director of Metro since 1973. In this position, he has full executive responsibility over the business directions and operational affairs of the Metro Group.

Mr Ong joined Metro in 1964 and was responsible for growing the retail division, introducing into Singapore key luxury brands such as Cartier and Piaget. Under his guidance, Metro obtained its listed status in 1973. He was also instrumental in the setting up and listing of Transmarco Limited, a group that dealt in luxury brands, watches and computers and of which he assumed chairmanship. He also acted as Director of the listed Metrojaya Berhad which operated the Metro retail arm in Malaysia prior to its divestment. Mr Ong's experience at board level covers the retail, property development, construction, hotel and leisure industries.

Lawrence Chiang Kok Sung, *Head, Corporate Affairs and Special Projects*

Mr Lawrence Chiang is Head, Corporate Affairs and Special Projects of the Metro Group. He holds a key role in the Group's investment strategy and business development and in this role, he has initiated and overseen the completion of the Group's property development projects and joint ventures in Singapore, Malaysia, China and Australia. He continues to assume oversight responsibility for the operations of the Group's property division.

Prior to his current position, Mr Chiang was the Group's financial controller, a position he held after joining Metro in 1989. He has 30 years of working experience in industries involved in property development and management, retail and department stores, cruise, hotel and trading operations. Mr Chiang is a member of the Institute of Chartered Accountants of New Zealand and the Institute of Certified Public Accountants of Singapore and a Fellow of the Institute of Chartered Secretaries and Administrators.

Wong Sioe Hong, *Managing Director, Metro (Private) Limited*

As Managing Director of Metro (Pte) Ltd since 1994, Mrs Wong has overall responsibility for all of the operations of the retail division of the Metro Group in Singapore and Indonesia. She also serves as the Honorary Treasurer of the Singapore Retailers Association as well as the Vice Chairman of the Orchard Road Business Association.

Mrs Wong first joined Metro's retail organisation in 1971. Prior to her appointment as Managing Director, she was the Director of Merchandise for the previous 15 years. She has played an instrumental role in transforming the Metro retail arm into a major retail operator in Singapore and continues to oversee the Group's retail expansion in the region. Mrs Wong holds a Bachelor of Science (Commerce) from the University of Santa Clara, USA.

David Lee Chin Yin, *Group Financial Controller*

Mr David Lee has been Group Financial Controller of the Metro Group since 1995. He has overall responsibility for the Group's finance, accounting, treasury and tax functions. Mr Lee joined the Metro Group in 1991 as its Group Internal Audit Manager after 15 years in the public accounting profession. Mr Lee is a member of the Institute of Chartered Accountants in England & Wales and the Institute of Certified Public Accountants of Singapore.

CORPORATE GOVERNANCE REPORT

Metro Holdings Limited ("Metro" or "the Company") is committed to high standards of corporate governance. This Report describes the Company's corporate governance practices with specific reference to the Code of Corporate Governance ("Code"), pursuant to Rule 710(2) of the Listings Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

Board Matters

Principle 1: Board's Conduct of its Affairs

The Board oversees the business affairs of the Group and sets overall corporate strategy and direction. It approves the Group's strategic plans, key business initiatives and financial objectives, major investment and divestment and funding proposals. The Board also monitors operating and financial performance and oversees the processes for risk management, financial reporting and compliance and evaluating the adequacy of internal controls. It approves nominations to the Board of directors. Matters specifically reserved for Board's decisions are those involving material acquisitions and disposal of assets, corporate or financial restructuring, share issuances and dividends. The Board has adopted a set of internal guidelines on these matters. The Board has delegated certain of its functions to the Nominating, Audit and Remuneration Committees.

The Board conducts regular scheduled meetings on a quarterly basis. Ad-hoc meetings can be convened as warranted by circumstances. Management has access to the directors for guidance or exchange of views outside of the formal environment of the Board meetings.

Directors are briefed on regulatory changes, especially those on the Company's or director's disclosure obligations. In order to ensure that the Board is able to fulfil its responsibilities, prior to the Board meetings, the Management provides the Board with information containing relevant background or explanatory information required to support the decision-making process.

Newly-appointed directors will be given briefings by the Management on the business activities of the Group and its strategic directions as well as its corporate governance practices.

Principle 2: Board Composition and Balance

The Board comprises 6 directors. The Chairman, Mr Ong Tjoe Kim, and Group Managing Director, Mr Jopie Ong Hie Koan are the executive directors. The four non-executive and independent directors are Mr Chan U Seek, Mr Jackson Lee Chik Sin, Mr Lee Khoo Choy and Mr Phua Bah Lee.

The Board considers the Board's present size and composition appropriate taking into account the nature and scope of the Group's operations, the depth and breadth of knowledge, expertise and business experiences of the directors to govern and manage the Group's affairs and that two-third of the Board size is independent.

The Board has no dissenting view on the Chairman's statement for the year in review.

Principle 3: Chairman and Group Managing Director

The roles of Chairman and Group Managing Director are separate. The Group Managing Director is the son of the Chairman. The Chairman provides overall vision and strategic guidance and bears responsibility for the workings of the Board. The daily running of the Group is left to the Group Managing Director who bears full executive responsibility for the Group's operations. The Group Managing Director need not retire by rotation as provided by the Articles of Association of the Company.

The Chairman assumes the responsibilities of scheduling and preparing agendas for Board meetings and exercises control over the quality, quantity and timeliness of information flow between the Board and Management.

Principle 4: Board Membership

Principle 5: Board Performance

The Nominating Committee comprises three directors, two of whom, including the chairman, are independent directors. The committee chairman is Mr Phua Bah Lee and the other members are Mr Jopie Ong Hie Koan and Mr Jackson Lee Chik Sin.

The Nominating Committee recommends all appointments and re-nominations of directors to the Board and Board committees. The Company's Articles of Association provide for one-third of the directors, except for the Group Managing Director, to retire by rotation and be subject to re-election at every Annual General Meeting. A newly appointed director must also subject himself for retirement and re-election at the Annual General Meeting immediately following his appointment.

The Nominating Committee also determines the independence of directors and evaluates and assesses the effectiveness of the Board taking into consideration appropriate performance criteria.

The Board, through the delegation of its authority to the Nominating Committee, has used its best efforts to ensure that directors appointed to the Board possess the background, experience and knowledge in technology, business, finance and management skills critical to the Group's businesses and that each director, through his unique contributions, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

Informal reviews of a Board's members' performance are undertaken on a continuous basis by the Nominating Committee with inputs from the other Board members and the Group Managing Director. Renewals or replacement of Board members do not necessarily reflect their contributions to-date, but may be driven by the need to position or shape the Board to be in line with the medium-term needs of the Company and its businesses.

Principle 6: Access to Information

Directors are given full access to the management team and company secretary, all Board and Board committees' minutes and all approval and information papers. Where a decision has to be made before a formal Board meeting is scheduled, a circulating Directors Resolution is done in accordance with the Company's Articles of Association and all necessary information is provided. The Company supports the directors, either individually or as a group, if they require independent professional advice in furthering their duties to the Company. The company secretary attends Board meetings of the Company.

Remuneration Matters

Principle 7: Procedures for Developing Remuneration Policies

Principle 8: Level and Mix of Remuneration

Principle 9: Disclosure on Remuneration

The Remuneration Committee is chaired by Mr Chan U Seek with Mr Jackson Lee Chik Sin and Mr Phua Bah Lee as members. All are non-executive and independent directors.

The Remuneration Committee reviews and recommends to the Board the framework of remuneration for key executives and for directors serving on the Board and Board committees. The review of specific remuneration packages includes fees, salaries, bonuses and incentives. Executive directors have service contracts which include terms for termination under appropriate notice. Non-executive directors are remunerated based on basic fees for serving on the Board and Board committees as are the executive directors. Such fees are recommended for approval by shareholders as a lump sum payment at the Annual General Meeting.

The Remuneration Committee has access to expert professional advice on remuneration matters whenever there is a need to obtain such advice.

Breakdown of directors remuneration (in percentage terms) for current financial year:

	Base/Fixed Salary	Performance-Related Income/Bonuses	Director's Fees
Ong Tjoe Kim	73%	18%	9%
Jopie Ong Hie Koan	32%	66%	2%
Chan U Seek	–	–	100%
Jackson Lee Chik Sin	–	–	100%
Lee Khoon Choy	–	–	100%
Phua Bah Lee	–	–	100%

Number of directors in remuneration bands:

	Executive Directors		Non-executive Directors	
	2005	2004	2005	2004
\$12,500,000 to \$12,749,999	–	1	–	–
\$3,000,000 to \$3,249,999	1	–	–	–
\$750,000 to \$999,999	1	1	–	–
Below \$250,000	–	–	4	4
	2	2	4	4

Number of top five executives in remuneration bands:

	2005
\$750,000 to \$999,999	1
\$500,000 to \$749,999	1
\$250,000 to \$499,999	3
	5

Number of employees who are immediate family members of the Chairman and Group Managing Director in remuneration bands:

	2005
\$500,000 to \$749,999	1
\$250,000 to \$499,999	1
Below \$250,000	1
	3

The Company does not have a share option scheme.

Accountability And Audit

[Principle 10: Accountability](#)

[Principle 11: Audit Committee](#)

[Principle 12: Internal Controls](#)

[Principle 13: Internal Audit](#)

The Company has implemented quarterly financial reporting. It also provides the directors with management accounts on a monthly basis.

The Audit Committee comprises of the four non-executive independent directors. It is chaired by Mr Jackson Lee Chik Sin and the members are Mr Chan U Seek, Mr Lee Khoon Choy and Mr Phua Bah Lee. The Audit Committee has full authority to investigate matters relating to the Group and any matters within its terms of reference.

The Audit Committee reviews the scope, audit plan, results and effectiveness of the external and internal auditors. The internal audit function, which is outsourced, reports directly to the Audit Committee. It also reviews the independence and objectivity of the external auditors taking into consideration the non-audit services provided to the Company. It has reviewed the effectiveness of the system of internal controls with the external and internal auditors and is satisfied that there are adequate internal controls.

In addition, the Group has also put in place appropriate risk management policies and processes to evaluate the operating, investment and financial risks of the Group. In evaluating a new investment proposal or business opportunity, several factors will be considered by management and the Board before a decision is being taken. These factors, which are essentially designed to ensure that the rate of returns commensurate with the risk exposure taken, including evaluating (i) return on investment; (ii) the pay back period; (iii) cash flow generated from the operation; (iv) potential for growth; (v) investment climate; and (vi) political stability.

The main areas of financial risk faced by the Group are foreign currency exchange risk, interest rate risk, credit risk and liquidity risk. Further details of the financial risks and how the Group manages them are set out on page 68 of the annual report.

Quarterly and full year results are reviewed by the Audit Committee prior to their submission to the Board as are interested person transactions. Provision is made at least once annually for the Audit Committee to meet with the external and internal auditors without the presence of management.

The Audit Committee has undertaken a review of fees paid to the auditor for non-audit services and is satisfied with the independence and objectivity of the external auditors. It has recommended to the Board the re-appointment of Ernst & Young as the external auditors.

Communication With Shareholders

Principle 14: Communication with Shareholders

Principle 15: Greater Shareholder Participation

The Company does not practise selective disclosure. Shareholders are kept informed of the developments in the Group's businesses and operations through announcements via MASNET as well as through the annual report. Announcements are made as soon as possible to ensure timely dissemination of the information to shareholders and the public.

The participation of shareholders is encouraged at the Company's general meetings. The Board and Management are on hand at these meetings to address any questions that shareholders may have concerning the Company. The external auditors are also present to assist the Board in answering the relevant shareholders' queries.

To facilitate voting by shareholders, the Company's Articles allow shareholders to vote by proxies. Proxy forms can be sent to the Company by mail. At the Annual General Meetings, each distinct issue is voted via separate resolutions.

Dealings In Securities

The Group has adopted an internal code which prohibits dealings in securities of the Company by directors and employees while in possession of price-sensitive information, and during the period beginning two weeks and one month before the announcement of the quarterly and annual results respectively, and ending on the date of announcement.

It also discourages dealings on short term considerations. Directors and employees are required to report securities dealings to the company secretary who will assist to make the necessary announcements.

Interested Person Transactions

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual) \$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) \$'000
Jopie Ong Hie Koan / Ong Tjoe Kim Rental and property management income from a company in which the interested persons have an interest	116	–

There were no other interested person transactions conducted during the current financial year.

Material Contracts

Except for the benefits under service contracts disclosed in Note 6 of the Notes to the Financial Statements, there were no other material contracts of the Company or its subsidiaries involving the interests of the chief executive officer (as defined in the SGX-ST Listing Manual), each director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

Board Composition

	Board	Audit Committee	Nominating Committee	Remuneration Committee
Ong Tjoe Kim	Chairman	–	–	–
Jopie Ong Hie Koan	Member	–	Member	–
Chan U Seek	Member	Member	–	Chairman
Jackson Lee Chik Sin	Member	Chairman	Member	Member
Lee Khoo Choy	Member	Member	–	–
Phua Bah Lee	Member	Member	Chairman	Member

Directors' Attendance At Board & Committee Meetings Held During Financial Year

	MHL Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended
Ong Tjoe Kim	4	4	–	–	–	–	–	–
Jopie Ong Hie Koan	4	4	–	–	1	1	–	–
Chan U Seek	4	4	4	4	–	–	2	2
Jackson Lee Chik Sin	4	3	4	3	1	1	2	2
Lee Khoo Choy	4	4	4	4	–	–	–	–
Phua Bah Lee	4	4	4	4	1	1	2	2

PORTFOLIO OF PROPERTIES

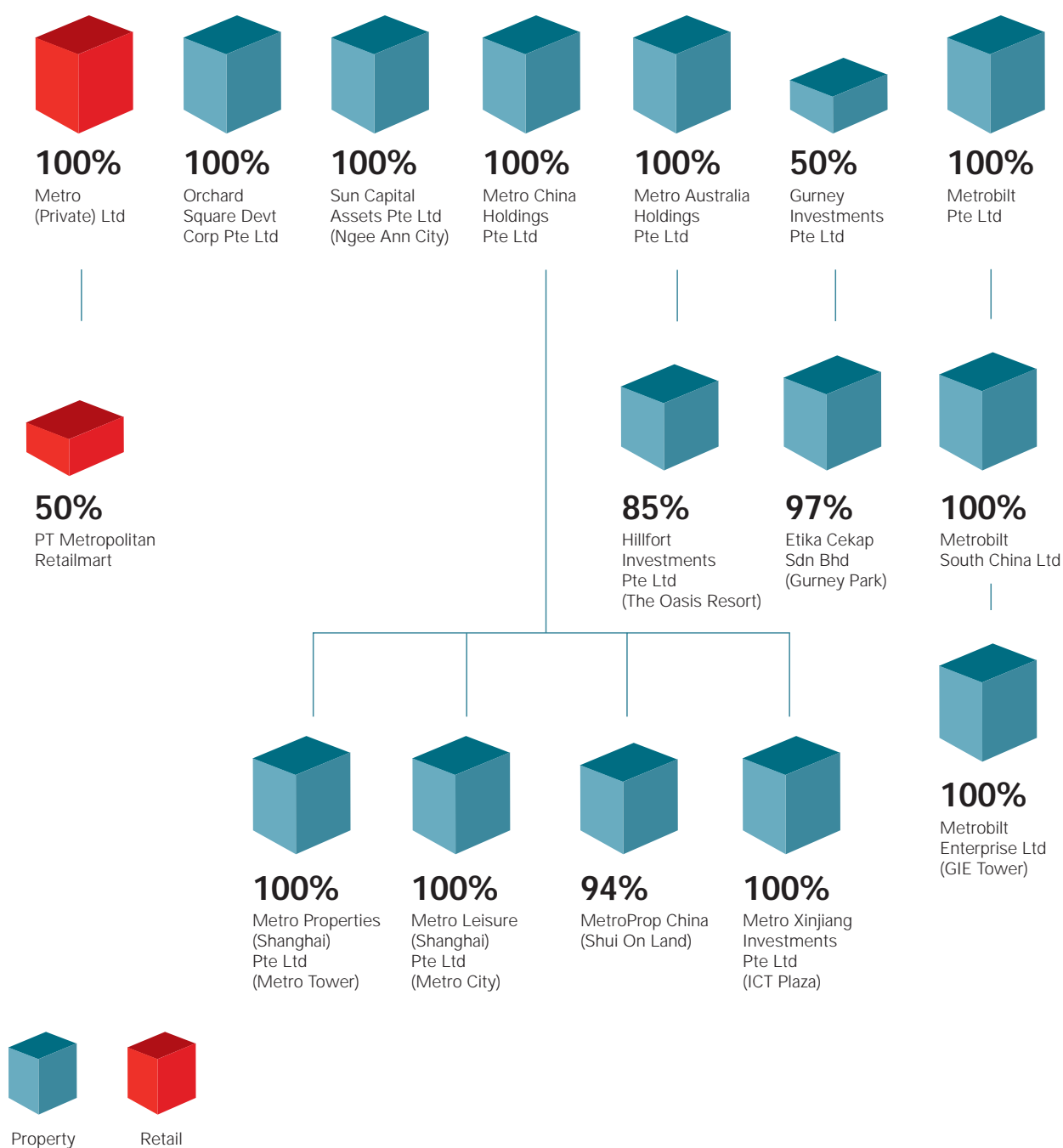
Properties/Location	Tenure	Site area (sqm)	Lettable area (sqm)	Percentage owned by the Group
Retail And Office				
Metro City, Shanghai, China A 9-storey entertainment centre along Zhao Jia Bang Road, Shanghai	36 year term from 1993	15,342	33,143	60%**
Gurney Plaza, Penang, Malaysia A 8-storey 2-basement retail mall along Gurney Drive, Penang	Freehold	31,413	64,585	48.5%
GIE Tower, Guangzhou, China Part of a 7-storey shopping podium & 35-storey office tower along Huan Shi Dong Road, Guangzhou	50 year term from 1994	–	Retail – 10,029* Office – 18,361*	100%
Ngee Ann City, Singapore Part of a 8-storey shopping podium 3 basements & twin 27-storey office towers along Orchard Road	99 year lease from 1973	–	Retail – 21,039* Office – 12,980 Retail – 2,835	30%
Metro Tower, Shanghai, China A 27-storey office building along Tian Yao Qiao Road, Shanghai	50 year term from 1993	5,247	39,295*	60%
Hotel				
The Oasis Resort, Cairns, Australia A 314-room inner city resort hotel along Lake Street, Cairns, Queensland	Freehold	20,232	314 rooms	85%
Industrial				
Warehouse, Singapore A single-storey warehouse & 3-storey office annexe along Pasir Panjang Road	Freehold	2,971	1,747	100%

Properties/Location	Tenure	Site area (sqm)	Potential saleable/ Lettable area (sqm)	Percentage owned by the Group	Stage of development at June 2005 /Expected completion
Properties Under Development					
Gurney Park, Penang, Malaysia A 304-room hotel and commercial block along Gurney Drive, Penang	Freehold	12,058	Hotel – 304 rooms Commercial – 15,800	48.5%	40% /Mid 2006 –/Deferred

* Gross saleable/lettable

** Contractual joint venture

GROUP CORPORATE STRUCTURE





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REPORT OF THE DIRECTORS

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Metro Holdings Limited (the "Company") and its subsidiary companies (the "Group") for the financial year ended 31 March 2005.

Directors

The directors of the Company in office at the date of this report are:

Ong Tjoe Kim	(Chairman)
Jopie Ong Hie Koan	(Group Managing Director)
Chan U Seek	
Jackson Lee Chik Sin	
Lee Khoon Choy	
Phua Bah Lee	

Arrangements to enable directors to acquire shares and debentures

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangements to which the Company is a party, whereby directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares and debentures

The following directors of the Company who held office at the end of the financial year had, according to the register required to be kept under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), an interest in shares of the Company as stated below:

Name of director	Shareholdings registered in the name of the directors		Shareholdings in which the directors are deemed to have an interest	
	As at 1.4.2004	As at 31.3.2005	As at 1.4.2004	As at 31.3.2005
	Number of ordinary shares of par value of \$0.20 each			
Ong Tjoe Kim	40,448,160	40,448,160	134,656,604	134,656,604
Jopie Ong Hie Koan	–	–	184,371,648	184,371,648
Chan U Seek	–	–	2,670,996	2,670,996
Phua Bah Lee	–	–	60,480	60,480

There was no change in any of the abovementioned interests between the end of the financial year and 21 April 2005.

By virtue of Section 7 of the Act, Mr Ong Tjoe Kim and Mr Jopie Ong Hie Koan with the above shareholdings are deemed to have interests in all the subsidiary companies of the Group.

No other director of the Company who held office at the end of the financial year had an interest in any other shares of the Company's subsidiary companies.

Directors' contractual benefits

Since the end of the previous financial year, no director has received or has become entitled to receive benefits under contracts required to be disclosed by Section 201(8) of the Act except those disclosed in Note 6 to the financial statements.

Audit Committee

The Audit Committee comprises non-executive and independent directors, Mr Jackson Lee Chik Sin, who chairs the Audit Committee, Mr Chan U Seek, Mr Lee Khoon Choy and Mr Phua Bah Lee.

The Committee meets at least four times a year and performs its functions in accordance with the Act.

The Committee reviews the overall scope of both internal and external audits and the assistance given by the Company's officers to the auditors. It meets with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Group's system of internal accounting and financial controls. The Committee also reviews the annual financial statements of the Company and of the Group and the auditors' report thereon before submission to the Board, as well as interested person transactions. All major findings and recommendations are brought to the attention of the Board of Directors.

The Committee has also reviewed the fees paid to the external auditors and are of the opinion that their independence has not been impaired.

The Committee recommends that Ernst & Young be nominated for re-appointment as auditors at the forthcoming Annual General Meeting.

Auditors

The auditors, Ernst & Young, Certified Public Accountants, have expressed their willingness to accept re-appointment.

On behalf of the Board,

Ong Tjoe Kim

Chairman

Jopie Ong Hie Koan

Group Managing Director

Singapore

10 June 2005

STATEMENT BY DIRECTORS

Pursuant to Section 201(15) of the Singapore Companies Act, Chapter 50

We, Ong Tjoe Kim and Jopie Ong Hie Koan, being two of the directors of Metro Holdings Limited, do hereby state that, in the opinion of the directors:

- (a) the balance sheets, consolidated profit and loss account, statements of changes in equity and consolidated statement of cash flows together with the notes thereto, are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2005, and of the results of the business of the Group, and changes in equity of the Group and the Company, and the cash flows of the Group, for the financial year then ended; and
- (b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board,

Ong Tjoe Kim

Chairman

Jopie Ong Hie Koan

Group Managing Director

Singapore

10 June 2005

AUDITORS' REPORT

to the Members of Metro Holdings Limited

We have audited the accompanying financial statements of Metro Holdings Limited (the "Company") and its subsidiary companies (the "Group") set out on pages 34 to 75 for the year ended 31 March 2005. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2005, and the results of the Group, changes in equity of the Group and of the Company and cash flows of the Group for the financial year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company and by those subsidiary companies incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

ERNST & YOUNG

Certified Public Accountants

Singapore

10 June 2005

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the financial year ended 31 March 2005

(In Singapore dollars)

	Note	2005 \$'000	2004 \$'000
Revenue	3	203,670	233,054
Cost of revenue	4	(178,465)	(209,293)
Gross profit		25,205	23,761
Other revenue	5	28,616	16,441
General and administrative expenses		(17,507)	(16,253)
Profit from operating activities	6	36,314	23,949
Finance costs	7	(3,134)	(4,234)
Share of associated companies' results		2,364	730
Exceptional items	8	4,879	203,574
Profit from operating activities before taxation		40,423	224,019
Taxation	9	(7,966)	(1,661)
Profit from operating activities after taxation		32,457	222,358
Minority interests		(1,408)	217
Profit attributable to shareholders		31,049	222,575
Earnings per share	10	Cents 4.92	Cents 35.29

The accounting policies and explanatory notes on pages 40 to 75 form an integral part of the financial statements.

BALANCE SHEETS

as at 31 March 2005

(In Singapore dollars)

	Note	Group		Company	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Non-current assets					
Property, plant and equipment	11	174,615	135,004	3,886	7,856
Investment property	12	89,017	89,582	–	–
Subsidiary companies	13	–	–	367,211	358,239
Associated companies	14	153,400	102,587	68,794	24,048
Investments	15	94,504	6	–	–
Negative goodwill	16	–	(363)	–	–
		511,536	326,816	439,891	390,143
Current assets					
Development property	17	52,273	53,100	–	–
Inventories	18	14,541	15,213	–	–
Accounts receivable	19	45,003	41,724	475,371	380,136
Tax recoverables		1,381	762	1,381	761
Short term investments	20	44,396	29,239	–	–
Cash and bank balances	21	144,403	229,877	521	4,302
		301,997	369,915	477,273	385,199
Current liabilities					
Bank borrowings	22	62,308	32,550	6,765	–
Accounts payable	23	65,873	77,698	300,147	253,938
Provision for taxation		5,827	6,499	–	–
		134,008	116,747	306,912	253,938
Net current assets		167,989	253,168	170,361	131,261
Non-current liabilities					
Long term bank borrowings	24	33,206	47,182	–	–
Deferred taxation	25	28,827	10,351	1,209	1,247
		(62,033)	(57,533)	(1,209)	(1,247)
		617,492	522,451	609,043	520,157
Shareholders' equity					
Share capital	26	126,155	126,155	126,155	126,155
Reserves	27	482,888	394,002	482,888	394,002
		609,043	520,157	609,043	520,157
Minority interests		8,449	2,294	–	–
		617,492	522,451	609,043	520,157

The accounting policies and explanatory notes on pages 40 to 75 form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 March 2005

(In Singapore dollars)

	Note	Group 2005 \$'000	2004 \$'000	Company 2005 \$'000	2004 \$'000
Share capital					
Balance at beginning and end of financial year		126,155	126,155	126,155	126,155
Capital reserve					
Balance at beginning of financial year					
- as previously reported		105,469	311,744	17,227	311,030
- effect of adopting FRS 27 and FRS 28		–	–	–	21,381
- as restated		105,469	311,744	17,227	332,411
Share of associated companies' surplus on revaluation of land and buildings and investment property		47,600	6,136	41,100	6,136
Share of associated companies' deferred tax on revaluation of land and buildings and investment property		(3,355)	(307)	(2,055)	(307)
Share of subsidiary companies' surplus on revaluation of land and buildings and investment property		–	–	55,067	–
Share of subsidiary companies' deferred tax on revaluation of land and buildings and investment property		–	–	(17,199)	–
Surplus/(deficit) on revaluation of land and buildings		44,505	–	(4,062)	–
Deferred tax on revaluation of land and buildings		(15,788)	–	111	–
Realised revaluation surplus on disposal of an investment property transferred to profit and loss		–	(233,645)	–	(321,013)
Revaluation deficit of other investment property (previously set off against revaluation surplus of the investment property disposed) transferred to profit and loss		–	21,541	–	–
Balance at end of financial year		178,431	105,469	90,189	17,227

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 March 2005

(In Singapore dollars)

	Note	Group		Company	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Foreign currency translation reserve					
Balance at beginning of financial year					
- as previously reported		2,744	6,306	2,744	(1,620)
- effect of adopting FRS 27 and FRS 28		-	-	-	7,926
- as restated		2,744	6,306	2,744	6,306
Foreign currency translation for the financial year		(5,033)	(3,562)	(5,033)	(3,562)
Balance at end of financial year		(2,289)	2,744	(2,289)	2,744
Revenue reserve					
Balance at beginning of financial year					
- as previously reported		285,789	146,855	374,031	154,521
- effect of adopting FRS 27 and FRS 28		-	-	-	(28,333)
- as restated		285,789	146,855	374,031	126,188
Dividend, less income tax	28	(10,092)	(83,641)	(10,092)	(83,641)
Profit attributable for the year		31,049	222,575	31,049	331,484
Balance at end of financial year		306,746	285,789	394,988	374,031
Total shareholders' equity		609,043	520,157	609,043	520,157

The accounting policies and explanatory notes on pages 40 to 75 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 31 March 2005

(In Singapore dollars)

	2005 \$'000	2004 \$'000
Cash flows from operating activities:		
Operating profit before reinvestment of working capital (Note a)		
Operating profit before reinvestment in working capital	29,212	26,877
Decrease in inventories	672	931
Increase in accounts receivable	(1,577)	(5,243)
Increase in short term investments	(16,056)	(29,242)
Decrease in accounts payable	(9,220)	(12,741)
Cash generated from/(applied in) operations	3,031	(19,418)
Interest expense paid	(3,134)	(4,234)
Interest income received	6,621	4,310
Income taxes paid	(5,429)	(6,964)
Net cash provided by/(used in) operating activities	1,089	(26,306)
Cash flows from investing activities:		
Additions to property, plant and equipment	(2,570)	(3,193)
Proceeds from sale of property, plant and equipment	226	1,280
Proceeds from disposal of investment property	–	507,578
Investment in bonds issued by an associated company	–	(68,500)
Increase in amounts owing by associated companies	(6,708)	(8,739)
Dividend received from quoted and unquoted investments	5,003	765
Additional investment in long term investments	(92,679)	–
Net cash (used in)/provided by investing activities	(96,728)	429,191
Cash flows from financing activities:		
Drawdown/(repayment) of bank borrowings (net)	15,787	(135,007)
Dividends paid during the year	(10,092)	(83,641)
Receipt of minority interests' loans to subsidiary companies	4,475	869
Net cash provided by/(used in) financing activities	10,170	(217,779)
Net (decrease)/increase in cash and cash equivalents	(85,469)	185,106
Cash and cash equivalents at beginning of financial year (Note b)	229,810	44,704
Cash and cash equivalents at end of financial year (Note b)	144,341	229,810

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 31 March 2005

(In Singapore dollars)

Notes to the Statement of Cash Flows

(a) Operating profit before reinvestment of working capital

Reconciliation between profit from operating activities before taxation and exceptional items and operating profit before reinvestment in working capital:

	2005 \$'000	2004 \$'000
Profit from operating activities before taxation and exceptional items	35,544	20,445
Adjustments for:		
Depreciation of property, plant and equipment	8,196	8,802
Interest expense	3,134	4,234
Provision for impairment of short term investments	899	3
Property, plant and equipment written off	105	60
Profit on disposal of property, plant and equipment	(175)	(398)
Amortisation of discount on consolidation	(363)	(872)
Foreign exchange adjustments	(620)	408
Share of results of associated companies	(2,364)	(730)
Interest and investment income	(15,144)	(5,075)
Operating profit before reinvestment in working capital	29,212	26,877

(b) Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following balance sheet amounts:

Cash and bank balances (Note 21)	144,403	229,877
Bank overdrafts, secured (Note 22)	(62)	(67)
	144,341	229,810

The accounting policies and explanatory notes on pages 40 to 75 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2005

(In Singapore dollars)

1. Corporate information

The financial statements of Metro Holdings Limited (the "Company") and subsidiary companies (collectively the "Group") for the financial year ended 31 March 2005 were authorised for issue in accordance with a resolution of the directors on 10 June 2005.

The Company is a Singapore incorporated limited liability company. It is domiciled in Singapore and has its registered office at 391B Orchard Road, #23-01, Tower B, Ngee Ann City, Singapore 238874.

The principal activities of the Company are that of a management, property investment and holding company.

The principal activities of the Group are those of management and holding companies, retailers and department store operators, property investment and developers, building contractors, manufacturer of watch components and hoteliers.

There have been no significant changes in the nature of the principal activities of the Company or the Group during the financial year.

The Company and Group have 20 and 880 (2004: 20 and 873) employees respectively as of 31 March 2005.

2. Summary of significant accounting policies

(a) Basis of preparation

The financial statements of the Company and of the Group are prepared under the historical cost convention, modified by the revaluation of certain property, plant and equipment and investment property.

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") as required by the Singapore Companies Act, Chapter 50.

The accounting policies have been consistently applied by the Company and the Group and are consistent with those used in the previous financial year.

The financial statements are expressed in Singapore dollars.

(b) Consolidation

The consolidated financial statements of the Group includes the financial statements of the Company and all its subsidiary companies drawn up to 31 March, after the elimination of all material intra-group transactions and balances. The financial statements of subsidiary companies acquired or disposed of during the financial year are included in or excluded from the Group financial statements from the effective date of acquisition or disposal, respectively.

When subsidiary companies are acquired, any excess of the consideration over the net assets at the date of acquisition is included in goodwill on consolidation and any excess of the net assets over the consideration paid is included in discount on consolidation. Goodwill and discount on consolidation is amortised over five years commencing in the year of acquisition.

The Group's share of the results of the jointly controlled entities are included in the Group financial statements using proportionate consolidation.

The Group's share of the results of the associated companies, based on audited financial statements and/or management accounts for the financial year is included in the Group's results. The attributable retained profits or losses and reserves are added to or deducted from the cost of investment in the associated companies shown in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2005

2. Summary of significant accounting policies (cont'd)

(c) Revenue recognition

Revenue from the sale of goods is recognised upon passage of title to customers which generally coincides with their delivery and acceptance.

Rental income is accrued using the time apportionment method.

Profits on property development projects for sale are recognised using the percentage of completion method. Profits are brought into the financial statements only in respect of sales agreements finalised and to the extent that such profits relate to the progress of the construction work.

Revenues from hotel operations are recognised when service is rendered or at the point of sale of goods.

Fees and services income are recognised as revenue on an accrual basis, using the time apportionment method.

Dividend income is recognised when the rights to receive payment have been established.

Interest income is accrued using the time apportionment method.

(d) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset are in progress and the expenditures and borrowing costs are being incurred. Borrowing costs are capitalised until the assets are ready for their intended use.

(e) Employee benefits

(i) Defined contribution plans

Contributions to post-employment benefits under defined contribution plans made in accordance to the statutory regulations in the countries in which the Group's companies operate are recognised as compensation expenses in the same period as the employment that gives rise to the contributions.

(ii) Employee entitlements

Provision is made for employee benefit entitlements accumulated as a result of services rendered by the employees up to the balance sheet date. These benefits include wages, salaries and annual leave. The provision has been calculated at nominal amounts based on current wage and salary rates.

(f) Income taxes

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences (unless the deferred tax liability arises from goodwill amortisation or the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss).

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2005

2. Summary of significant accounting policies (cont'd)

(f) Income taxes (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilised (unless the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss).

Deferred tax assets are recognised for deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and any impairment in value. All items of property, plant and equipment are initially recorded at cost. Land and buildings are subsequently revalued periodically, on an asset-by-asset basis, to their fair values by the directors based on independent professional valuation on an open market basis.

The initial cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to the profit and loss account in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalised as an additional cost of property, plant and equipment.

When an asset is revalued, any increase in the carrying amount is credited directly to revaluation reserve unless it reverses a previous revaluation decrease relating to the same asset, which was previously recognised as an expense. In these circumstances, the increase is recognised as income to the extent of the previous write down. When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised as an expense unless it reverses a previous surplus relating to that asset, in which case it is charged against any related revaluation surplus, to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same asset. Any balance remaining in the revaluation surplus in respect of an asset, is transferred directly to retained earnings on retirement or disposal of the asset.

An assessment of the carrying value of property, plant and equipment is made when there are indications that the assets have been impaired or the impairment losses recognised in prior years no longer exist.

Land held on 999-year lease is regarded as equivalent to freehold and is included with freehold land and buildings under property, plant and equipment.

Operating supplies comprise recreation accessories, tableware, kitchen utensils, linen and housekeeping equipment.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2005

2. Summary of significant accounting policies (cont'd)

(h) Depreciation

Depreciation is calculated on the straight line method to write off the cost or valuation of the assets over their estimated useful lives as follows:

Freehold buildings	50 years
Leasehold buildings	50 years or over period of lease if less than 50 years
Plant, equipment, furniture and fittings	3 to 10 years
Motor vehicles	5 years
Operating supplies	5 to 20 years

No depreciation is provided on freehold land.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

(i) Investment properties

Investment properties are those properties which are held on long term basis for their investment potential and income. They are included in the balance sheet at their open market value on the basis of annual directors' valuation. Professional valuation by independent professional valuers are made once in every three years.

The net surplus on revaluation is credited to capital reserve and any net deficit is charged to the profit and loss account to the extent that it exceeds any net surplus held in capital reserve relating to previous revaluation of the same properties on a portfolio basis.

At each balance sheet date, the Group assesses whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated and provision for impairment loss is made, if any.

(j) Subsidiary companies

Subsidiary companies are those companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities.

The Company accounts for investment in subsidiary companies using the equity method. Under this method, the investment is initially recorded at cost and the carrying amount is increased or decreased to recognise the Company's share of the profits or losses of the subsidiary companies after the acquisition. Distributions received from subsidiary companies reduce the carrying amount of the investment. Adjustments to the carrying amount are made for changes in the Company's proportionate interest in the subsidiary companies arising from changes in the subsidiary companies' equity that have not been included in the profit and loss account.

At each balance sheet date, the Company assesses whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated and provision for impairment loss is made, if any.

Details of the Group's subsidiary companies are shown in Note 35.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2005

2. Summary of significant accounting policies (cont'd)

(k) Jointly controlled entities

Jointly controlled entities are those enterprises whose activities the Group has joint control, established by contractual agreement.

Details of the Group's jointly controlled entities are shown in Note 35.

(l) Associated companies

Associated companies are those companies not being subsidiary companies, in which the Group has a long term interest of not less than 20% of the equity and in whose financial and operating policy decisions the Group exercises significant influence.

The Company accounts for investment in associated companies using the equity method. Under this method, the investment is initially recorded at cost and the carrying amount is increased or decreased to recognise the Company's share of the profits or losses of the associated companies after the acquisition. Distributions received from associated companies reduce the carrying amount of the investment. Adjustments to the carrying amount are made for changes in the Company's proportionate interest in the associated companies arising from changes in the associated companies' equity that have not been included in the profit and loss account.

At each balance sheet date, the Company assesses whether there is any indication of impairment. If any such indication exists, the recoverable amounts are estimated and provision for impairment loss is made, if any.

Details of the Group's associated companies are shown in Note 35.

(m) Long term investments

Quoted and unquoted investments held on a long term basis are stated at cost.

At each balance sheet date, the Company assesses whether there is any indication of impairment. If any such indication exists, the recoverable amounts are estimated and provision for impairment loss is made, if any.

(n) Development properties

These comprise completed properties or properties in the course of development, which are intended for sale and are stated at lower of cost plus, where appropriate, a portion of attributable profit, and estimated net realisable value determined on an individual basis. Cost of development properties include interest and other related expenditure which are capitalised as and when activities that are necessary to get the assets ready for their intended use are in progress.

(o) Inventories

Retail inventories are stated at the lower of cost and net realisable value. Cost comprises the weighted average cost (which includes the related charges incurred in importing such merchandise) of merchandise derived at using the Retail Inventory Method or is ascertained on the first-in first-out basis. Net realisable value is arrived at after due allowance is made for all obsolete and slow moving inventories.

All other inventories are stated at the lower cost and net realisable value. Cost comprises the invoiced value of goods on a specific identification basis, the first-in-first-out basis or the weighted average basis as appropriate plus related charges incurred in importing such goods and in the case of work-in-progress and finished inventories, includes direct labour and attributable production overheads based on normal levels of activity. Net realisable value is arrived at after due allowance is made for all obsolete and slow-moving inventories.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2005

2. Summary of significant accounting policies (cont'd)

(p) Short term investments

Quoted and unquoted short term investments are stated at the lower of cost and market value on an individual basis.

(q) Receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

Amounts owing by subsidiary companies are recognised and carried at cost.

(r) Payables

Liabilities for trade and other payable, which are normally settled on 30-90 day terms, are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

Amounts owing to subsidiary companies are carried at cost.

(s) Provisions

Provisions are recognised when the Company and the Group have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

(t) Borrowings

Borrowings are recognised at cost. Borrowing costs are recognised as expenses in the period in which they are incurred, except where they are incurred for property, plant and equipment that require a period of time to get the asset ready for its intended use, they are capitalised.

(u) Foreign currencies

Foreign currency transactions are recorded in Singapore dollars at rates of exchange approximating those ruling at transaction dates. Foreign currency monetary assets and liabilities are translated at the rates ruling at the year-end. All profits and losses on exchange are dealt with through the profit and loss account.

For inclusion in Group financial statements, the assets and liabilities of foreign subsidiary companies, associated companies and jointly controlled entities are translated into Singapore dollars at the exchange rates ruling at balance sheet date. Revenue and expenses are translated at average exchange rates for the financial year. All exchange differences due to such currency translations and on loans which are included as the Group's net investment in the foreign subsidiary companies, associated companies and jointly controlled entities are dealt with through the Group's foreign currency translation reserve. On disposal of a foreign subsidiary company, associated company or jointly controlled entity, accumulated exchange differences are recognised in the profit and loss account as a component of the gain or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2005

2. Summary of significant accounting policies (cont'd)

(v) Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances, bank overdrafts and fixed deposits.

(w) Impairment loss

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the profit and loss account or treated as a revaluation decrease for assets carried at revalued amount to the extent that the impairment loss does not exceed the amount held in the revaluation surplus for that same asset.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recorded in income or as a revaluation increase. However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for that asset in prior years.

3. Revenue

Revenue of the Group represents invoiced trading sales, including concessionaires sales and services (after allowance for goods returned and trade discounts), rental income, billings for construction work completed on property development projects held for sale using percentage of completion method and revenue from hotel operations. It excludes dividends, interest income and intra-group transactions.

Revenue generated by the Group's operations are as follows:

	Group	
	2005	2004
	\$'000	\$'000
Retail	159,531	179,252
Property	41,063	51,670
Others	3,076	2,132
	203,670	233,054

4. Cost of revenue

	Group	
	2005	2004
	\$'000	\$'000
Retail	153,318	173,429
Property	21,015	33,569
Others	4,132	2,295
	178,465	209,293

NOTES TO THE FINANCIAL STATEMENTS

31 March 2005

5. Other revenue

	Group	
	2005	2004
	\$'000	\$'000
Interest income		
- Unquoted bonds	5,138	3,040
- Fixed and call deposits	1,918	1,242
- Others	1	28
Dividends, gross		
- Unquoted investments	4,676	–
- Quoted investments	1,817	765
Sundry income	5,580	2,377
Advisory fees from third parties	4,678	5,140
Profit on disposal of short term investments	1,594	1,205
Management fee from an associated company	1,589	1,566
Other fee income from unquoted investments	1,208	–
Amortisation of discount on consolidation	363	872
Other fees from associated companies	54	206
	28,616	16,441

6. Profit from operating activities

	Group	
	2005	2004
	\$'000	\$'000
Profit from operating activities is stated after charging/(crediting):		
Staff costs	27,787	38,426
Directors' emoluments		
Directors of the Company		
- Other emoluments	3,818	13,259
- Fees payable	315	315
- Fees paid in respect of prior year	–	65
Directors of subsidiary companies	1,193	1,133
Depreciation of property, plant and equipment	8,196	8,802
CPF contributions	2,309	2,556
Provision for impairment of short term investments	899	3
Audit fee		
Auditors of the Company		
- Current year	391	378
- Under provision in respect of prior year	68	3
Other auditors	130	125
Other fees paid to auditors of the Company	186	191
Provision for obsolete inventory	508	193
Provision for doubtful debts	494	84
Bad debts written-off	59	1
Restructuring costs	–	1,809
Profit on disposal of property, plant and equipment	(175)	(398)
Foreign exchange (gain)/loss	(500)	742

NOTES TO THE FINANCIAL STATEMENTS

31 March 2005

7. Finance costs

	Group	
	2005	2004
	\$'000	\$'000
Interest expense arising from:		
Long term bank loans	2,823	2,638
Short term bank loans	308	1,596
Others	3	–
	3,134	4,234

8. Exceptional items

	Group	
	2005	2004
	\$'000	\$'000
Write-back of provision no longer required upon liquidation of a subsidiary company	2,605	–
Surplus on revaluation of land and buildings	1,449	–
Surplus/(deficit) on revaluation of investment property	825	(2,817)
Net gain on disposal of investment property	–	230,123
Revaluation deficit of other investment property previously set off against revaluation surplus of the investment property disposed of now charged to profit and loss account	–	(21,541)
Share of associated company's deficit on revaluation of buildings	–	(1,908)
Deficit on disposal of a jointly controlled entity	–	(283)
	4,879	203,574

NOTES TO THE FINANCIAL STATEMENTS

31 March 2005

9. Taxation

	Group	
	2005	2004
	\$'000	\$'000
Provision for taxation:		
Current taxation		
- Singapore	1,531	3,560
- Overseas	2,577	1,051
- Over provision in prior financial years	(103)	(1,034)
	4,005	3,577
Deferred taxation		
- Singapore (reversal)	(100)	(528)
- Overseas (reversal)	2,922	(2,050)
- Over provision in prior financial years	(79)	(410)
	2,743	(2,988)
Withholding tax	230	138
	6,978	727
Associated companies	988	934
Taxation charge in the current financial year	7,966	1,661

A reconciliation of taxation determined on the results of the Group by applying the Singapore statutory income tax rate for the financial years ended 31 March is as follows:

	Group	
	2005	2004
	\$'000	\$'000
Profit before taxation	40,423	224,019
Taxation calculated at Singapore statutory income tax rate of 20% (2004: 20%)	8,085	44,804
Expenses not deductible for tax purposes	1,081	1,536
Effect of other taxable/(deductible) temporary differences	963	(2,360)
Difference arising from tax rates applicable to foreign companies	1,220	1,599
Losses incurred by subsidiary and associated companies not allowed for offset against Group's profit	187	863
Qualifying income subject to lower tax rate	(486)	(290)
Recognition of tax losses	-	(1,042)
Capital gain not subject to tax	-	(40,071)
Over provision in prior financial years	(182)	(1,088)
Foreign sourced income subject to lower tax rate	(272)	(211)
Income not subject to tax	(1,315)	(336)
Utilisation of prior years' tax losses	(1,328)	(1,565)
Utilisation of prior years' capital allowance	(23)	-
Others	36	(178)
Taxation	7,966	1,661

NOTES TO THE FINANCIAL STATEMENTS

31 March 2005

9. Taxation (cont'd)

As at 31 March 2005, there were estimated tax losses and unabsorbed capital allowances amounting to \$46,409,000 and \$7,017,000 (2004: \$44,979,000 and \$6,917,000) respectively, available for set-off in the future for certain subsidiary companies subject to the provisions of the applicable taxation laws and agreement by the relevant tax authorities.

10. Earnings per share (cents)

Basic earnings per share is calculated by dividing the profit attributable to the members of the Company by the weighted average number of ordinary shares outstanding for the financial year.

	Group	
	2005	2004
	\$'000	\$'000
<hr/>		
Group earnings used for the calculation:		
Profit attributable to shareholders	31,049	222,575
	<hr/>	
	'000	'000
Weighted average number of shares outstanding	630,776	630,776
	<hr/>	

There are no dilutive elements that would require the calculation and disclosure of diluted earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2005

11. Property, plant and equipment

	Freehold land \$'000	Freehold buildings \$'000	Leasehold land and buildings \$'000	Plant, equipment, furniture and fittings and operating supplies \$'000	Motor vehicles \$'000	Construction- in-progress \$'000	Total \$'000
Group							
Cost and valuation							
At 1 April 2004							
Cost	–	–	–	41,643	2,375	–	44,018
Valuation	16,662	42,523	70,771	–	–	–	129,956
	16,662	42,523	70,771	41,643	2,375	–	173,974
Exchange adjustments	24	97	(1,098)	(158)	(2)	–	(1,137)
Additions	–	–	–	1,266	455	849	2,570
Disposals/write-offs	–	–	–	(359)	(740)	–	(1,099)
Revaluation (deficit)/surplus	(660)	(4,218)	40,573	–	–	–	35,695
At 31 March 2005							
Cost	–	–	–	42,392	2,088	849	45,329
Valuation	16,026	38,402	110,246	–	–	–	164,674
	16,026	38,402	110,246	42,392	2,088	849	210,003
Accumulated depreciation							
At 1 April 2004							
	–	1,923	5,202	30,760	1,085	–	38,970
Exchange adjustments	–	31	(119)	(103)	(2)	–	(193)
Charge for 2005	–	936	2,669	4,171	420	–	8,196
Disposals/write-offs	–	–	–	(238)	(705)	–	(943)
Adjustments on revaluation	–	(2,890)	(7,752)	–	–	–	(10,642)
At 31 March 2005							
	–	–	–	34,590	798	–	35,388
Charge for 2004							
	–	916	2,684	4,822	380	–	8,802
Net book value							
At 31 March 2005							
	16,026	38,402	110,246	7,802	1,290	849	174,615
At 31 March 2004							
	16,662	40,600	65,569	10,883	1,290	–	135,004

NOTES TO THE FINANCIAL STATEMENTS

31 March 2005

11. Property, plant and equipment (cont'd)

	Freehold land \$'000	Freehold buildings \$'000	Plant, equipment, furniture and fittings \$'000	Motor vehicles \$'000	Total \$'000
Company					
Cost and valuation					
At 1 April 2004					
Cost	–	–	2,122	722	2,844
Valuation	6,350	1,150	–	–	7,500
	6,350	1,150	2,122	722	10,344
Additions	–	–	79	259	338
Disposals	–	–	(23)	(350)	(373)
Revaluation deficit	(3,850)	(350)	–	–	(4,200)
At 31 March 2005					
Cost	–	–	2,178	631	2,809
Valuation	2,500	800	–	–	3,300
	2,500	800	2,178	631	6,109
Accumulated depreciation					
At 1 April 2004	–	92	2,093	303	2,488
Charge for 2005	–	46	23	142	211
Disposals	–	–	(23)	(315)	(338)
Adjustment on revaluation	–	(138)	–	–	(138)
At 31 March 2005	–	–	2,093	130	2,223
Charge for 2004	–	46	27	116	189
Net book value					
At 31 March 2005	2,500	800	85	501	3,886
At 31 March 2004	6,350	1,058	29	419	7,856

- (a) One of the Group's freehold properties is stated at valuation based on independent professional valuations carried out in March 2005 by DTZ Debenham Tie Leung (SEA) Pte Ltd on an open market basis. The carrying value of the freehold Oasis Resort property is stated at directors' valuation based on its agreed selling price.
- (b) The Group's leasehold properties are stated at valuation based on independent professional valuations carried out in March 2005 by DTZ Debenham Tie Leung Ltd and VPC Alliance (Pg) Sdn Bhd on an open market basis. These leasehold properties have been mortgaged to banks for banking facilities granted to subsidiary companies and a jointly controlled entity (Note 24(a)(i)).

NOTES TO THE FINANCIAL STATEMENTS

31 March 2005

11. Property, plant and equipment (cont'd)

- (c) If the Group's land and buildings had been included in the financial statements at cost less depreciation, their net book values would have been \$105,716,000 (2004: \$109,311,000).
- (d) The net book values of property, plant and equipment of the Group under hire purchase amounted to \$nil (2004: \$44,751).
- (e) The Group's leasehold land and buildings, plant, equipment, furniture, fittings and motor vehicles include the Group's share of such fixed assets in jointly controlled entities. The net book values of the Group's share of such fixed assets amounted to \$109,433,000 (2004: \$64,849,000) as at 31 March 2005 (Note 32).

12. Investment property

	Group	
	2005	2004
	\$'000	\$'000
Balance at beginning of financial year	89,582	635,549
Exchange adjustments	(1,390)	(4,867)
Disposal	–	(538,000)
Revaluation surplus/(deficit), net	825	(2,817)
Adjustments to development costs	–	(283)
Balance at end of financial year	89,017	89,582

The Group's investment property is as follows:

Name of building	Description	Tenure of land	Open market value	
			2005	2004
			\$'000	\$'000
GIE Tower, Guangzhou	Part of a 7-storey shopping podium & 35-storey office tower along Huan Shi Dong Road, Guangzhou	50 years lease from 18 October 1994	89,017	89,582

The investment property at GIE Tower is stated at valuation based on an independent professional valuation carried out by DTZ Debenham Tie Leung Ltd in March 2005 on an open market basis.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2005

13. Subsidiary companies

	Company	
	2005	2004
	\$'000	\$'000
Unquoted equity shares, at cost	24,994	24,994
Share of capital reserves	43,314	5,445
Share of post-acquisition profits	291,090	317,384
Share of foreign currency translation reserve	7,813	10,416
	367,211	358,239

Details of the subsidiary companies are shown at Note 35.

14. Associated companies

	Group		Company	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Unquoted equity shares, at cost	7,273	7,273	500	500
Unquoted redeemable preference shares, at cost	*	*	—	—
Share of capital reserves	50,074	5,829	44,875	5,829
Share of net post-acquisition profits/ (losses)	2,427	1,018	29	(468)
Share of foreign currency translation reserve	(3,581)	(2,032)	(2,258)	(1,978)
	56,193	12,088	43,146	3,883
Unquoted bonds, at cost	68,500	68,500	—	—
Amounts owing by associated companies - non-trade	28,707	21,999	25,648	20,165
	153,400	102,587	68,794	24,048

* Cost is \$27

The investment in unquoted redeemable preference shares pertains to 274 Redeemable Preference Shares of \$0.10 each at par of Orchard Square Capital Assets Limited. The Redeemable Preference Shares confers to the Group the right to participate in the distributable reserves of Orchard Square Capital Assets Limited, if any.

The investment in unquoted bonds pertains to \$68,500,000 secured Fixed Rate Junior Bonds Due 2008 ("Junior Bonds") issued by Orchard Square Capital Assets Limited at an issue price of 100 per cent. The Junior Bonds mature in August 2008 and bear interest at the rate of 7.5% (2004: 7.5%) per annum, payable semi-annually in arrears. The Junior Bonds are secured against the assets of Orchard Square Properties Private Limited, a wholly-owned subsidiary of Orchard Square Capital Assets Limited, which comprises a 27% interest in the property known as Ngee Ann City at 391B Orchard Road, Singapore. The Junior Bonds rank behind the secured Fixed Rate Senior "A" and "B" Bonds Due 2008 issued by Orchard Square Capital Assets Limited and no payment in respect of the Junior Bonds may be made at any time unless all sums which are then due and payable under the Senior Bonds have been paid or satisfied in full.

The amounts owing by associated companies are unsecured, interest free and are not anticipated to be repaid within the next twelve months.

Details of the associated companies are shown at Note 35.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2005

15. Investments

	Group	
	2005	2004
	\$'000	\$'000
Unquoted preference shares, at cost	53,328	–
Unquoted equity shares, at cost	28,795	–
Quoted equity shares, at cost	6	6
	82,129	6
Shareholders' loan	12,375	–
	94,504	6
Market value of the quoted equity shares	6	3

The investment in unquoted preference shares pertains to an investment in 18,750,000 senior redeemable participating preference shares at an issue price of US\$1.00 each and 12,500,000 junior redeemable participating preference shares at an issue price of US\$1.00 each in the capital of Shui On Land Limited ("Shui On"). The senior and junior preference shares entitle the Group to receive semi-annual dividends, of 7.5% and 7.0% per annum, respectively. The senior preference shares entitle the Group to a further dividend of 7.5% per annum, which is payable on redemption or conversion to ordinary shares in Shui On. The Group has the right to convert the senior and junior preference shares to ordinary shares or require Shui On to redeem them within 5 and 6 years, respectively.

Investment in unquoted equity shares includes the Group's investment in Hualing Asset Management Co. Ltd ("Hualing") incorporated at Urumqi, Xinjiang, the People's Republic of China. The Group contributed registered capital of \$28,780,000 which entitles the Group to receive a fixed return of 17.143% per annum ("annual profit distribution").

The shareholders' loan pertains to a \$12,375,000 (US\$7,500,000) term loan provided to Hualing. The loan earns interest at 7.776% per annum, is repayable in full in January 2008 and is secured against the first floor of the commercial property owned by Hualing.

16. Negative goodwill

	Group	
	2005	2004
	\$'000	\$'000
Discount on consolidation	(4,358)	(4,358)
Less: Accumulated amortisation	4,358	3,995
	–	(363)

NOTES TO THE FINANCIAL STATEMENTS

31 March 2005

17. Development property

The Group's share of development property held for sale stated at cost plus attributable profits is as follows:

	Group	
	2005	2004
	\$'000	\$'000
Acquisition costs	21,365	21,702
Development costs	30,908	31,398
	52,273	53,100

The development property is held by the Group's jointly controlled entity (Note 32) and has been mortgaged to secure credit facilities (Note 24(a)(i)).

18. Inventories

	Group	
	2005	2004
	\$'000	\$'000
Inventories held for resale	13,773	14,787
Finished goods	158	80
Raw materials	406	309
Work-in-progress	204	37
	14,541	15,213

Inventories are stated after deducting allowance for obsolete inventories of:

Balance at 1 April	776	583
Charge to the profit and loss account	508	193
Balance at 31 March	1,284	776

Inventories are made up as follows:

- Cost	13,582	14,893
- Net realisable value	959	320
	14,541	15,213

NOTES TO THE FINANCIAL STATEMENTS

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19. Accounts receivable

		Group		Company	
		2005	2004	2005	2004
		\$'000	\$'000	\$'000	\$'000
Trade accounts receivable	(a)	4,108	3,543	–	–
Other accounts receivable	(b)	40,895	38,181	475,371	380,136
		45,003	41,724	475,371	380,136

(a) Trade accounts receivable are stated after deducting allowance for doubtful debts of:

		Group		Company	
		2005	2004	2005	2004
		\$'000	\$'000	\$'000	\$'000
Balance at 1 April		234	175	–	–
Charge to the profit and loss account		494	84	–	–
Bad debts written-off		(51)	(25)	–	–
Balance at 31 March		677	234	–	–

The Group's share of jointly controlled entities' trade accounts receivable balances amounted to \$268,000 (2004: \$2,000) (Note 32).

(b) Other accounts receivable comprise:

		Group		Company	
		2005	2004	2005	2004
		\$'000	\$'000	\$'000	\$'000
Amounts due from subsidiary companies		–	–	451,997	354,803
Amounts due from jointly controlled entities		–	–	22,900	25,200
Share of jointly controlled entities' other accounts receivable		444	921	–	–
Deposits and prepayments		5,312	3,879	109	108
Proceeds from sale of investment property retained		26,900	26,900	–	–
Recoverables and sundry debtors		8,221	6,448	365	25
Staff loans		18	33	–	–
		40,895	38,181	475,371	380,136

NOTES TO THE FINANCIAL STATEMENTS

31 March 2005

19. Accounts receivable (cont'd)

Amounts due from subsidiary companies are non-trade, unsecured, have no fixed terms of repayment and are interest free, except for the interest charged by the Company on amounts owing by certain subsidiary companies at rates varying between 0.95% to 3.98% (2004: 1.15% to 2.40%) per annum.

Amounts due from jointly controlled entities are non-trade, unsecured, have no fixed terms of repayment and are interest free, except for an amount of \$19,797,209 (2004: \$13,659,400) which bears interest at 3.09% to 4.72% (2004: 3.09% to 3.33%) per annum.

The proceeds from sale of investment property retained pertains to 5% of the sale consideration receivable from the buyer of the Group's interest in the Ngee Ann City investment property pursuant to the Sale and Purchase agreement entered into between a subsidiary company and the buyer, the receipt of which is subject to the subsidiary company fulfilling certain conditions as set out under the Sale and Purchase agreement. The investment property was disposed off during the previous financial year.

Included in recoverables and sundry debtors are proceeds amounting to approximately \$5,700,000 (2004: \$5,700,000) due on the liquidation of the maintenance fund for the Ngee Ann City investment property which was disposed off during the previous financial year.

20. Short term investments

	Group	
	2005	2004
	\$'000	\$'000
Quoted equity shares, at lower of cost and market value	42,396	27,239
Unquoted equity shares, at cost	2,000	2,000
	44,396	29,239
Market value of quoted equity shares	56,608	30,561

At 31 March 2005, the Group recognised an impairment loss of \$899,000 (2004: \$3,000) on its marketable securities.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2005

21. Cash and bank balances

These comprise cash and bank balances and fixed term deposits placed with financial institutions as follows:

	Group		Company	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Fixed deposits	127,616	210,506	–	3,929
Cash on hand and at bank	16,787	19,371	521	373
	144,403	229,877	521	4,302

Interest on the Group's fixed deposits with financial institutions are at rates ranging from 0.31% to 5.39% (2004: 0.37% to 5.39%) per annum. The Company had no fixed deposits with financial institutions in the current year (2004: 0.85% to 5.39% per annum).

Fixed deposits of \$45,617,000 (2004: \$20,117,000) have been pledged to financial institutions as security for a short term and a term bank loan (Notes 22 and 24(a)(iii)).

The Group's share of jointly controlled entities' cash and bank balances as at the financial year end amounted to \$9,160,000 (2004: \$9,588,000).

22. Bank borrowings

	Group		Company	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Bank overdrafts, secured	62	67	–	–
Trade bills and trust receipts, secured	406	431	–	–
Short term bank loans, secured	19,836	20,117	–	–
Short term bank loans, unsecured	6,765	2,020	6,765	–
Current portion of long term loans (Note 24)	35,239	9,915	–	–
	62,308	32,550	6,765	–

The secured short term bank loans bear interest at rates ranging from 0.95% to 2.12% (2004: 1.15% to 2.40%) per annum. The loan is secured by an equivalent amount in fixed deposits (Note 21).

The unsecured short term bank loans bear interest at rates of 4.06% (2004: 4.54%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2005

23. Accounts payable

	Group		Company	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Trade accounts payable	29,035	30,546	–	–
Other accounts payable	36,838	47,152	300,147	253,938
	65,873	77,698	300,147	253,938
Other accounts payable comprise:				
Amounts owing to subsidiary companies	–	–	296,897	250,763
Accruals	11,295	24,241	2,799	2,804
Refundable deposits	1,677	1,782	–	–
Sundry creditors	2,831	2,294	451	371
Hire purchase creditors	–	8	–	–
Share of jointly controlled entities' other accounts payable	21,035	18,827	–	–
	36,838	47,152	300,147	253,938

The amounts owing to subsidiary companies are unsecured, have no fixed terms of repayment and are interest free, other than an amount owing to a subsidiary company of \$19,836,250 (2004: \$20,116,600) which bears interest ranging from 0.95% to 2.12% (2004: 1.15% to 2.40%) per annum.

The outstanding balance due to hire purchase creditors was settled during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2005

24. Long term bank borrowings

		Group		Company	
		2005	2004	2005	2004
		\$'000	\$'000	\$'000	\$'000
<hr/>					
Long term bank loans					
- Secured	(a)	58,952	46,354	–	–
- Unsecured	(b)	9,493	10,743	–	–
		68,445	57,097	–	–
<hr/>					
Less: Current portion of long term loans					
- Secured		(25,746)	(8,642)	–	–
- Unsecured		(9,493)	(1,273)	–	–
		(35,239)	(9,915)	–	–
Repayable within 12 months (Note 22)		(35,239)	(9,915)	–	–
Repayable after 12 months		33,206	47,182	–	–
<hr/>					

(a) Included in the Group's balance of secured long term bank loans are:

- (i) The share of the loans drawn down by jointly controlled entities amounted to \$19,057,500 (2004: \$32,089,000) and bears interest at rates ranging from 2.11% to 4.05% (2004: 2.02% to 5.31%) per annum. The loans are repayable in instalments with final maturities in November 2005 and June 2007, respectively. The loans are secured against the respective jointly controlled entities' development property held for sale (Note 17) and a leasehold property (Note 11(b)).
 - (ii) A long term loan equivalent to \$23,606,000 drawn down by a subsidiary company is partially secured by the assignment of all revenues, rental and bank balances of a subsidiary company, subject to a limit of \$14,112,560 (equivalent to A\$11,060,000) and by a corporate guarantee given by the Company. This loan bears interest at rates ranging from 7.06% to 7.47% (2004: 5.60% to 7.13%) per annum.
 - (iii) A long term loan equivalent to \$25,781,250 drawn down by a subsidiary company bears interest at rates ranging from 1.87% to 3.06% per annum. The United States dollar denominated loan is secured against the S\$ equivalent amount in fixed deposit (Note 21).
- (b) This pertains to the unsecured portion of the long term bank loan described at 24(a)(ii) above, which bears interest at rates ranging from 7.06% to 7.47% (2004: 5.60% to 7.13%) per annum. The balance of the loan is repayable in instalments with a final maturity in February 2006.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2005

25. Deferred taxation

	Group		Company	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of financial year	10,351	13,835	1,247	1,146
Exchange adjustments	(55)	(470)	–	–
Charge/(reversal) to profit and loss account	2,822	(2,988)	73	127
Over provision	(79)	–	–	–
Provision utilised	–	(26)	–	(26)
Charge/(reversal) to capital reserve	15,788	–	(111)	–
Balance at end of financial year	28,827	10,351	1,209	1,247

Deferred taxation as at 31 March relates to the following:

Deferred tax liabilities

Difference in depreciation of property, plant and equipment for accounting and tax purposes	10,501	8,688	–	–
Revaluation surplus on buildings	17,983	2,467	160	271
Unremitted foreign sourced income	1,102	976	1,049	976
Gross deferred tax liabilities	29,586	12,131	1,209	1,247

Deferred tax assets

Accumulated tax losses	(203)	(1,765)	–	–
Other deferred tax assets	(556)	(15)	–	–
Gross deferred tax assets	(759)	(1,780)	–	–
Net deferred tax liabilities	28,827	10,351	1,209	1,247

The Group's share of jointly controlled entities' deferred tax liability balances amounted to \$23,544,000 (2004: \$5,278,000).

26. Share capital

	Group and Company	
	2005	2004
	\$'000	\$'000
Authorised:		
750,000,000 ordinary shares of \$0.20 each	150,000	150,000
Issued and fully paid:		
630,776,676 ordinary shares of \$0.20 each	126,155	126,155

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2005

27. Reserves

		Group		Company	
		2005	2004	2005	2004
		\$'000	\$'000	\$'000	\$'000
Capital reserve	(a)	178,431	105,469	90,189	17,227
Foreign currency translation reserve	(b)	(2,289)	2,744	(2,289)	2,744
Retained earnings		306,746	285,789	394,988	374,031
		482,888	394,002	482,888	394,002
Made up of:					
Distributable reserves		304,457	288,533	392,699	376,775
Non-distributable reserves		178,431	105,469	90,189	17,227
		482,888	394,002	482,888	394,002

- (a) The Group's capital reserve comprises the surplus arising from the revaluation of property, plant and equipment and investment property.
- (b) The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiary companies, associated companies and jointly controlled entities and on loans which are included as net investment in the foreign subsidiary companies, associated companies and jointly controlled entities.

28. Dividends paid

		Group and Company	
		2005	2004
		\$'000	\$'000
Dividends paid comprise:			
First and final ordinary dividend of 2.0 cents (2004: 2.0 cents)			
per ordinary share, less income tax of 20% (2004: 22%)		10,092	9,840
Special interim dividend of nil cents (2004: 15.0 cents)			
per ordinary share, less income tax of 20% (2004: 22%)		–	73,801
		10,092	83,641

During the financial year, the final ordinary dividend of 2.0 cents, less tax of 20%, per ordinary share proposed in respect to the financial year ended 31 March 2004 was approved and paid.

A first and final ordinary dividend of 2.0 cents, less tax of 20%, per ordinary share has been proposed by the directors in respect of the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2005

29. Operating leases

The Group leases certain properties under non-cancellable lease arrangements which do not have any purchase options and expire at various dates till 2009. The future minimum rentals under these non-cancellable leases are:

	Group	
	2005	2004
	\$'000	\$'000
Within one year	16,523	17,725
After one year but not more than five years	30,792	46,640
More than five years	–	–
	47,315	64,365

30. Contingent liabilities, unsecured

	Group		Company	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Amounts drawn down against guarantees given to banks for facilities granted to subsidiary companies	–	–	23,840	25,172
Trade and performance guarantees	2,763	2,698	–	–
	2,763	2,698	23,840	25,172

31. Future capital expenditure and other commitments

	Group	
	2005	2004
	\$'000	\$'000
Capital expenditure not provided for in the Group's financial statements are as follows:		
Commitment in respect of contracts placed	–	5,598
Commitment in respect of investment in Shui On Land Ltd	30,938	83,800

NOTES TO THE FINANCIAL STATEMENTS

31 March 2005

32. Jointly controlled entities

- (a) The Group's share of the assets and liabilities of the jointly controlled entities, which have been included in these financial statements, are as follows:

	Group's share	
	2005	2004
	\$'000	\$'000
Property, plant and equipment and other assets	109,433	64,849
Investment	15	–
Development property	52,273	53,100
Trade debtors	268	2
Other debtors	444	921
Cash at bank	9,160	9,588
Bank borrowings	(19,058)	(32,089)
Other payables	(21,035)	(18,827)
Provision for taxation	(1,634)	(1,050)
Deferred tax liabilities	(23,544)	(5,278)
	106,322	71,216

- (b) The Group's share of the results of the jointly controlled entities, which have been included in these financial statements, are as follows:

	Group's share	
	2005	2004
	\$'000	\$'000
Turnover	18,388	16,028
Profit before taxation	11,378	8,195
Taxation	(4,879)	(500)

Details of the Group's jointly controlled entities are shown at Note 35.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2005

33. Segment information

Business segment

	Property \$'000	Retail \$'000	Other \$'000	Inter-segment eliminations \$'000	Group \$'000
2005					
Sales to external customers	41,063	159,531	3,076	–	203,670
Inter-segment sales	889	–	–	(889)	–
Segment revenue	41,952	159,531	3,076	(889)	203,670
Segment results	29,860	6,856	(562)	160	36,314
Finance costs					(3,134)
Share of results of associated companies					2,364
Exceptional items					4,879
Profit before taxation					40,423
Taxation					(7,966)
Minority interests					(1,408)
Profit attributable to shareholders					31,049
2004					
Sales to external customers	51,670	179,252	2,132	–	233,054
Inter-segment sales	1,323	–	–	(1,323)	–
Segment revenue	52,993	179,252	2,132	(1,323)	233,054
Segment results	17,679	6,633	(201)	(162)	23,949
Finance costs					(4,234)
Share of results of associated companies					730
Exceptional items					203,574
Profit before taxation					224,019
Taxation					(1,661)
Minority interests					217
Profit attributable to shareholders					222,575

NOTES TO THE FINANCIAL STATEMENTS

31 March 2005

33. Segment information (cont'd)

Business segment (cont'd)

	Property \$'000	Retail \$'000	Other \$'000	Group \$'000
Assets and liabilities				
2005				
Segment assets	605,466	47,312	5,974	658,752
Tax recoverable	1,381	–	–	1,381
Investment in associated companies	142,926	10,474	–	153,400
Total assets	749,773	57,786	5,974	813,533
Segment liabilities	127,503	29,775	4,109	161,387
Provision for taxation	3,601	2,226	–	5,827
Deferred taxation	28,549	278	–	28,827
Total liabilities	159,653	32,279	4,109	196,041
Capital expenditure	1,323	914	333	2,570
Depreciation	4,253	2,831	1,112	8,196
2004				
Segment assets	541,245	45,349	6,788	593,382
Tax recoverable	762	–	–	762
Investment in associated companies	92,814	9,773	–	102,587
Total assets	634,821	55,122	6,788	696,731
Segment liabilities	118,911	31,749	6,770	157,430
Provision for taxation	4,220	2,279	–	6,499
Deferred taxation	9,821	530	–	10,351
Total liabilities	132,952	34,558	6,770	174,280
Capital expenditure	1,295	1,195	703	3,193
Depreciation	4,333	3,316	1,153	8,802

NOTES TO THE FINANCIAL STATEMENTS

31 March 2005

33. Segment information (cont'd)

Geographical segment

The following table presents revenue and expenditure information regarding the Group's geographical segments for the financial years ended 31 March 2005 and 2004 and certain asset information regarding geographical segments as at 31 March 2005 and 2004:

	Asean \$'000	Hong Kong and China \$'000	Australia \$'000	Inter-segment eliminations \$'000	Group \$'000
2005					
Segment revenue	162,670	25,344	15,656	–	203,670
Other geographical information:					
Segment assets	212,307	389,888	56,557	–	658,752
Investment in associated companies	153,110	290	–	–	153,400
Capital expenditure	1,585	919	66	–	2,570
2004					
Segment revenue	196,793	22,413	13,848	–	233,054
Other geographical information:					
Segment assets	314,304	223,086	55,992	–	593,382
Investment in associated companies	102,322	265	–	–	102,587
Capital expenditure	2,971	128	94	–	3,193

34. Financial instruments

Financial risk management objectives and policies

The Group is exposed to interest rate, foreign currency, credit and liquidity risks. The Group's risk management approach seeks to minimise the potential material adverse impact of these exposures.

Interest rate risk

The Group's exposure to market risk for changes in the interest rate environment principally relates to its investments in financial products and debt obligations. The investment in financial products mainly represent surplus funds placed with reputable financial institutions as short term deposits at the most favourable interest rates available.

The Group manages its interest rate exposure in relation to debt obligations by spreading out the timing of interest rate fixing, maintaining a mix of fixed and floating rate borrowings wherever market conditions allow and reviewing the debt portfolio for the use of hedging instruments such as interest rate swaps and other interest rate derivatives.

As at 31 March 2005, the Group does not have any derivatives or hedging instruments.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2005

34. Financial instruments (cont'd)

Foreign currency risk

The Group is exposed to the effects of foreign currency exchange rate fluctuations, primarily in relation to United States dollars and Chinese renmimbi, but also Australian dollars, Malaysian ringgit and Indonesian rupiah.

Whenever possible, the Group seeks to maintain a natural hedge through the matching of liabilities, including borrowings, against assets in the same currency or against the entity's functional currency, in particular its future revenue stream. Transactional exposures in currencies other than the entity's functional currency are kept to a minimal level.

As further disclosed in Note 2(u) on foreign currencies, exchange differences on the Group's net investment in the foreign subsidiary companies are dealt with through the foreign currency translation reserve. This currency translation risk is regularly monitored.

Credit risk

The carrying amounts of investments, trade and other receivables and cash represent the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

The Group has no significant concentrations of credit risk. Financial transactions and the placement of surplus funds in short term interest-bearing deposits are restricted to reputable financial institutions.

Liquidity risk

The Group's cash and short term deposits, operating cash flows, availability of banking facilities and debt maturity profile are actively managed to ensure adequate working capital requirements and that repayment and funding needs are met.

Fair value

It is not practical to estimate the fair value of non-current amounts owing by/to associated companies and minority shareholders due principally to a lack of fixed terms of repayment.

The carrying amount of trade and other receivables, short term investments, cash and bank balances, short term borrowings and trade and other payables approximate their fair values due to their short term maturity.

The fair value of the long term financial liabilities approximate their carrying values when determined using discounted cashflow analysis based on current interest rates for similar types of borrowing arrangements.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2005

35. Subsidiary, associated companies and jointly controlled entities

Investments in the unquoted equity interests in subsidiary companies at cost at 31 March are:

Name of Company	Cost to Company	
	2005 \$'000	2004 \$'000
Metro (Private) Limited	8,914	8,914
Orchard Square Development Corporation Pte Ltd	7,576	7,576
Metrobilt Pte Ltd	4,038	4,038
Swiss Profile (M) Sdn Bhd	3,166	3,166
Metro Australia Holdings Pte Ltd	1,000	1,000
Meren Pte Ltd	300	300
Metro China Holdings Pte Ltd	*	*
Sun Capital Assets Pte Ltd	*	*
	24,994	24,994

* Cost is \$2

Details of subsidiary, associated companies and jointly controlled entities at 31 March are:

Subsidiary companies (Country of incorporation)	Place of business	Percentage of equity held by the Group	
		2005 %	2004 %

Held by the Company -

Retailers and department store operators

Metro (Private) Limited (Singapore)	Singapore	100.0	100.0
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Property

Orchard Square Development Corporation Pte Ltd (Singapore)	Singapore	100.0	100.0
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Investment holding

Metrobilt Pte Ltd (Singapore)	Singapore	100.0	100.0
Metro China Holdings Pte Ltd (Singapore)	People's Republic of China	100.0	100.0
Metro Australia Holdings Pte Ltd (Singapore)	Singapore	100.0	100.0
Sun Capital Assets Pte Ltd (Singapore)	Singapore	100.0	100.0

NOTES TO THE FINANCIAL STATEMENTS

31 March 2005

35. Subsidiary, associated companies and jointly controlled entities (cont'd)

Subsidiary companies (Country of incorporation)		Place of business	Percentage of equity held by the Group	
			2005 %	2004 %
Investment trading				
	Meren Pte Ltd (Singapore)	Singapore	100.0	100.0
Manufacturing and distribution				
&	Swiss Profile (M) Sdn Bhd (Malaysia)	Malaysia	51.0	51.0
Dormant company				
**	Sun Cruises Holdings Pte Ltd (Singapore)	Singapore	69.79	69.79
Held by subsidiary companies -				
Retailers and department store operators				
	The Marketing Co Pte Ltd (Singapore)	Singapore	100.0	100.0
Property				
	Hillfort Investments Pte Ltd (Singapore)	Australia	85.0	85.0
++	Guangzhou International Electronics Tower Co Ltd (People's Republic of China)	People's Republic of China	100.0	100.0
Investment holding				
	Metro Xinjiang Investments Pte Ltd (Singapore)	People's Republic of China	100.0	100.0
	Metro Properties (Shanghai) Pte Ltd (Singapore)	People's Republic of China	100.0	100.0
	Metro Leisure (Shanghai) Pte Ltd (Singapore)	People's Republic of China	100.0	100.0
+++	Metrobilt South China Ltd (Hong Kong)	Hong Kong	100.0	100.0
+++	Metrobilt Enterprise Ltd (Hong Kong)	People's Republic of China	100.0	100.0
+++	MetroProp (China) (Mauritius)	People's Republic of China	94.0	—
Building Contractors				
	Metrobilt Construction Pte Ltd (Singapore)	Singapore	70.0	70.0

NOTES TO THE FINANCIAL STATEMENTS

31 March 2005

35. Subsidiary, associated companies and jointly controlled entities (cont'd)

Subsidiary companies (Country of incorporation)		Place of business	Percentage of equity held by the Group	
			2005 %	2004 %
Dormant companies				
**	M & B Trading & Agencies Pte Ltd (Singapore)	Singapore	100.0	100.0
	Idea Shoppe Pte Ltd (Singapore)	Singapore	100.0	100.0
+++	Metro Factory Outlet (Malaysia) Sdn Bhd (Malaysia)	Malaysia	100.0	100.0
***	Sun Cruises (S) Pte Ltd (Singapore)	Singapore	–	69.79
***	Sun Cruises Travel Pte Ltd (Singapore)	Singapore	–	69.79
**	Sun Cruises Ltd (Bermuda)	Bermuda	69.79	69.79
**	Sun Vista Ltd (Bermuda)	Bermuda	69.79	69.79
Associated companies (Country of incorporation)				
Retailers and department store operators				
&	PT Metropolitan Retailmart (Indonesia)	Indonesia	50.0	50.0
	Intrad Pte Ltd (Singapore)	Singapore	50.0	50.0
Property				
&	Etika Cekap Sdn Bhd (Malaysia)	Malaysia	48.5	39.0
&	Orchard Square Capital Assets Limited (Singapore)	Singapore	30.0	30.0
Investment holding				
	Gurney Investments Pte Ltd (Singapore)	Singapore	50.0	50.0
	SOS Shanghai Pte Ltd (Singapore)	Singapore	50.0	50.0
Leisure				
+	Shanghai Target Club Co Ltd (People's Republic of China)	People's Republic of China	33.4	33.4

NOTES TO THE FINANCIAL STATEMENTS

31 March 2005

35. Subsidiary, associated companies and jointly controlled entities (cont'd)

Jointly controlled entitles (Country of incorporation)	Place of business	Percentage of equity held by the Group	
		2005 %	2004 %
Property			
+@ Shanghai Metro Cultural and Entertainment Co Ltd (People's Republic of China)	People's Republic of China	60.0	60.0
+@ Shanghai Huimei Property Co Ltd (People's Republic of China)	People's Republic of China	60.0	60.0

+ Audited by Ernst & Young, Shanghai.

++ Audited by Ernst & Young, Guangzhou.

+++ Audited by other associated firms of Ernst & Young, Singapore.

& Audited by other firms. These foreign subsidiary and associated companies are not considered significant as defined under Clause 718 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

** Not audited as these companies have gone into voluntary liquidation.

*** Liquidated during the financial year.

@ Not treated as subsidiary companies in view of joint control.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2005

36. Discontinuing operations

On 20 January 2005, the Company's 85% owned subsidiary company, Hillfort Investments Pte Ltd, executed a Put and Call Option Deed which granted an option to Sunland Group (Oasis) Pty Ltd to purchase pursuant to a Hotel Sale Agreement, its entire stake in the property known as The Oasis Resort, Cairns together with all its business assets as a going concern. The Oasis Resort was reported in the Australia segment. On 31 May 2005, Sunland Group exercised its option to buy Oasis Resort and the agreement has been signed.

The carrying amounts of the total assets and liabilities to be disposed of at 31 March are as follows:

	Group	
	2005	2004
	\$'000	\$'000
Total assets	56,557	55,993
Total liabilities	(31,104)	(26,299)
Net assets	25,453	29,694

Included in total assets are property, plant and equipment for which binding sale agreements have been entered into as of 31 May 2005.

The revenues, expenses and results from the ordinary operations of the Oasis Resort for the year ended 31 March are as follows:

	Group	
	2005	2004
	\$'000	\$'000
Revenue	15,656	13,848
Cost of revenue	(10,899)	(10,281)
Gross profit	4,757	3,567
Other revenue	351	161
General and administrative expenses	(474)	(1,322)
Profit from operations	4,634	2,406
Finance costs	(1,687)	(2,006)
Profit before taxation	2,947	400
Exceptional item	1,375	–
Taxation	–	–
Profit after taxation	4,322	400

The net cash flows attributable to the Oasis Resort are as follows:

Operating	2,763	2,752
Investing	(67)	(94)
Financing	(3,746)	(2,546)
Net cash (outflows)/inflows	(1,050)	112

NOTES TO THE FINANCIAL STATEMENTS

31 March 2005

37. Subsequent events

Events occurring after the financial year end are:

- (i) On 20 January 2005, the Company's 85% owned subsidiary company, Hillfort Investments Pte Ltd, executed a Put and Call Option Deed which granted an option to Sunland Group (Oasis) Pty Ltd to purchase pursuant to a Hotel Sale Agreement, its entire stake in the property known as The Oasis Resort, Cairns together with all its business assets as a going concern. The Oasis Resort was reported in the Australia segment. On 31 May 2005, Sunland Group exercised its option to buy Oasis Resort and the agreement has been signed. The assets and liabilities, results and cashflows attributable to the Oasis Resort are disclosed at Note 36.
- (ii) On 3 May 2005, the Company's wholly owned subsidiary company, Sun Capital Assets Pte Ltd, agreed to sell its 30% stake in the junior bonds and preference shares issued by Orchard Square Capital Assets Ltd to Mayfair Holdings GmbH & Co Singapur KG. An extraordinary general meeting will be convened to seek shareholders' approval for the disposal.

STATISTICS OF SHAREHOLDINGS

as at 14 June 2005

Class of Shares – Ordinary shares of \$0.20 each fully paid

Voting Rights – One vote per share

Size of shareholdings	No. of shareholders	%	No. of shares of \$0.20 each	Percentage of issued capital %
1 - 999	284	4.87	94,852	0.02
1,000 - 10,000	2,733	46.85	17,732,557	2.81
10,001 - 1,000,000	2,780	47.66	139,838,711	22.17
1,000,001 - and above	36	0.62	473,110,556	75.00
	5,833	100.00	630,776,676	100.00

Twenty largest Shareholders (as shown in the Register of Members)

Names	No. of shares of \$0.20 each	Percentage of issued capital %
1 Eng Kuan Company Pte Ltd	90,062,952	14.28
2 Ngee Ann Development Pte Ltd	57,300,800	9.08
3 Mayban Nominees (Singapore) Private Limited	43,308,158	6.87
4 Ong Tjoe Kim	40,448,160	6.41
5 DBS Nominees Pte Ltd	39,152,939	6.21
6 Citibank Nominees Singapore Pte Ltd	24,098,960	3.82
7 Dynamic Holdings Pte Ltd	21,356,190	3.39
8 United Overseas Bank Nominees Pte Ltd	20,896,803	3.31
9 HSBC (Singapore) Nominees Pte Ltd	16,121,260	2.56
10 Leroy Singapore Pte Ltd	15,952,506	2.53
11 Gan Teng Siew Realty Sdn Bhd	13,674,240	2.17
12 Ong Sioe Hong	12,253,078	1.94
13 DBS Vickers Securities (Singapore) Pte Ltd	11,471,412	1.82
14 OCBC Nominees Singapore	8,173,613	1.30
15 Phillip Securities Pte Ltd	6,428,863	1.02
16 UOB Kay Hian Pte Ltd	5,235,994	0.83
17 Oversea Chinese Bank Nominees Pte Ltd	4,562,404	0.72
18 Shaw Vee King	4,342,720	0.69
19 OCBC Securities Private Ltd	3,887,400	0.62
20 City Developments Realty Limited	3,840,000	0.61
Total	442,568,452	70.18

STATISTICS OF SHAREHOLDINGS

as at 14 June 2005

Substantial Shareholders (as shown in the Register of Members)

Names	No. of shares of \$0.20 each	
	Direct Interest	Deemed Interest
Ong Tjoe Kim (Note 1)	40,448,160	134,656,604
Jopie Ong Hie Koan (Note 2)	–	184,371,648
Eng Kuan Company Pte Limited	90,062,952	42,000,000
Dynamic Holdings Pte Ltd	21,356,190	15,000,000
Ong Ling Ling (Note 3)	–	36,356,190
Ong Jenn (Note 3)	–	36,356,190
Ong Ching Ping (Note 3)	–	36,356,190
Ong Sek Hian (Wang ShiXian) (Note 3)	–	36,356,190
Ngee Ann Development Pte Ltd	57,300,800	–
Ngee Ann Kongsi (Note 4)	–	57,300,800
Takashimaya Co Limited (Note 5)	–	57,300,800

Note 1 Mr Ong Tjoe Kim is deemed to be interested in the shares of the Company through his interests in Eng Kuan Company Pte Limited by virtue of Section 7 of the Companies Act, Chapter 50 and interests held through his spouses.

Note 2 Mr Jopie Ong Hie Koan is deemed to be interested in the shares of the Company through his interests in Eng Kuan Company Pte Limited, Dynamic Holdings Pte Ltd and Leroy Singapore Pte Ltd by virtue of Section 7 of the Companies Act, Chapter 50.

Note 3 Ms Ong Ling Ling, Mr Ong Jenn, Ms Ong Ching Ping and Mr Ong Sek Hian (Wang ShiXian) are deemed to be interested in the shares of the Company through their interests in Dynamic Holdings Pte Ltd by virtue of Section 7 of the Companies Act, Chapter 50.

Note 4 Ngee Ann Kongsi is deemed to be interested in the shares of the Company through their interests in Ngee Ann Development Pte Ltd by virtue of Section 7 of the Companies Act, Chapter 50.

Note 5 Takashimaya Co Limited is deemed to be interested in the shares of the Company through their interests in Ngee Ann Development Pte Ltd by virtue of Section 7 of the Companies Act, Chapter 50.

Based on the Register of Shareholders, and to the best knowledge of the Company, the percentage of shareholding held in the hands of public as at 14 June 2005 is approximately 50.46%. Therefore, Company complies with Rule 723 of the Listing Manual.

STATISTICS OF SHAREHOLDINGS

as at 14 June 2005

Directors' shareholdings including deemed interests as at 21 April 2005:

Names	No. of shares of \$0.20 each	
	Shareholdings registered in the name of the directors	Shareholdings in which the directors are deemed to have interest
Ong Tjoe Kim	40,448,160	134,656,604
Jopie Ong Hie Koan	–	184,371,648
Chan U Seek	–	2,670,996
Phua Bah Lee	–	60,480

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Second Annual General Meeting of the Company will be held at Ballroom II, Level 6 South Tower, Meritus Mandarin Singapore, 333 Orchard Road, Singapore 238861 on 22 July 2005 at 11:00 a.m. for the purpose of transacting the following business:

ORDINARY BUSINESS

- 1 To receive and consider the Directors' Report and Audited Accounts for the year ended 31 March 2005 and the Auditor's Report thereon. *(Resolution 1)*
- 2 To approve the payment of a first and final dividend of 2.0 cents per ordinary share (less income tax) for the year ended 31 March 2005. *(Resolution 2)*
- 3 To consider and if thought fit, to pass the following resolutions:
 - (a) That pursuant to Section 153(6) of the Companies Act, Chapter 50, Mr Ong Tjoe Kim be and is hereby re-appointed as a Director of the Company to hold such office until the next Annual General Meeting. *(Resolution 3)*
 - (b) That pursuant to Section 153(6) of the Companies Act, Chapter 50, Mr Lee Khoon Choy be and is hereby re-appointed as a Director of the Company to hold such office until the next Annual General Meeting. *[see Explanatory Note (a)] (Resolution 4)*
 - (c) That pursuant to Section 153(6) of the Companies Act, Chapter 50, Mr Chan U Seek be and is hereby re-appointed as a Director of the Company to hold such office until the next Annual General Meeting. *[see Explanatory Note (a)] (Resolution 5)*
 - (d) That pursuant to Section 153(6) of the Companies Act, Chapter 50, Mr Jackson Lee Chik Sin be and is hereby re-appointed as a Director of the Company to hold such office until the next Annual General Meeting. *[see Explanatory Note (a)] (Resolution 6)*
 - (e) That pursuant to Section 153(6) of the Companies Act, Chapter 50, Mr Phua Bah Lee be and is hereby re-appointed as a Director of the Company to hold such office until the next Annual General Meeting. *[see Explanatory Note (a)] (Resolution 7)*
- 4 To approve the Directors' Fees of \$245,000 for the year ended 31 March 2005 (2004: \$245,000). *(Resolution 8)*
- 5 To re-appoint auditors and to authorise the Directors to fix their remuneration. *(Resolution 9)*
- 6 To transact any other business of an Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

SPECIAL BUSINESS

7 To consider and, if thought fit, to pass the following resolution as ordinary resolution:

"That notwithstanding the provisions of the Articles of Association of the Company, pursuant to Section 161 of the Companies Act, Chapter 50 and the listing rules of the Singapore Exchange Securities Trading Limited, authority be and is hereby given to the Directors of the Company to issue shares in the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit, provided that:

- (i) the aggregate number of shares to be issued pursuant to this Resolution does not exceed 50% of the issued share capital of the Company, of which the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders of the Company does not exceed 20% of the Company's issued share capital;
- (ii) for the purpose of determining the aggregate number of shares that may be issued under (i) above, the percentage of issued share capital shall be based on the issued share capital of the Company at the time this Resolution is passed, after adjusting for
 - (a) new shares arising from the conversion or exercise of any convertible securities or employee share options or vesting of share awards that are outstanding or subsisting at the time this Resolution is passed; and
 - (b) any subsequent consolidation or subdivision of shares; and
- (iii) (unless revoked or varied by the Company in general meeting), the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." *[see Explanatory Note (b)]* *(Resolution 10)*

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed on 2 August 2005 for the preparation of dividend warrants.

Duly completed transfers received by the Company's Registrar, Barbinder & Co Pte Ltd, 8 Cross Street #11-00 PWC Building, Singapore 048424 to the close of business at 5:00 p.m. on 1 August 2005 will be registered to determine shareholders' entitlement to the proposed dividend. The dividend, if approved, will be paid on 12 August 2005 to shareholders registered in the books of the Company on 1 August 2005.

In respect of shares in securities accounts with the Central Depository (Pte) Limited ("CDP"), the said final dividend will be paid by the Company to CDP which will in turn distribute the dividend entitlements to holders of shares in accordance with its practice.

By Order of the Board
Tan Ching Chek and Lee Chin Yin
Joint Company Secretaries
Singapore
6 July 2005

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (a) Mr Jackson Lee Chik Sin, Mr Lee Khoon Choy, Mr Chan U Seek and Mr Phua Bah Lee, if re-appointed, will remain as Audit Committee Members and are considered independent directors for purposes of Rule 704(8) of the Listing Manual of Singapore Exchange Securities Trading Limited. Mr Jackson Lee Chik Sin, if re-appointed, will remain as Chairman of the Audit Committee.
- (b) The proposed ordinary resolution 10 in item 7 above, if passed, will empower the Directors of the Company from the date of the above meeting until the next Annual General Meeting to issue shares in the Company up to the limit as specified in the resolution for such purposes as they consider would be in the interests of the Company. This authority will continue in force until the next Annual General Meeting of the Company, unless previously revoked or varied at a general meeting.

Notes to Proxy Form:

- (i) A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- (ii) If a proxy is to be appointed, the form must be deposited at the registered office of the Company, 391B Orchard Road #23-01 Tower B, Ngee Ann City Singapore 238874 not less than 48 hours before the meeting.
- (iii) The form of proxy must be signed by the appointor or his attorney duly authorised in writing.
- (iv) In the case of joint shareholders, all holders must sign the form of proxy.



METRO HOLDINGS LIMITED

(Incorporated in Singapore)

ANNUAL GENERAL MEETING PROXY FORM

IMPORTANT

1. For investors who have used their CPF monies to buy Metro Holdings Limited shares, this Annual Report is sent to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is FOR USE ONLY BY MEMBERS whose shares in Metro Holdings Limited are registered in their names. It is not valid for use by CPF investors and persons whose shares are not registered in their own names, and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We _____ (Name)

of _____ (Address)

being a member/members of METRO HOLDINGS LIMITED hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of shareholdings (%)

or failing whom, the chairman of the meeting, as my/our proxy/proxies to vote for me/us on my/our behalf, at the Annual General Meeting of the Company to be held on 22 July 2005 and at any adjournment thereof in the following manner:

No.	Resolutions relating to	For	Against
1.	Adoption of Reports and Accounts		
2.	Declaration of First and Final Dividend		
3.	(a) Re-appointment of Mr Ong Tjoe Kim pursuant to Section 153(6) of Companies Act, Chapter 50		
	(b) Re-appointment of Mr Lee Khoo Choy pursuant to Section 153(6) of Companies Act, Chapter 50		
	(c) Re-appointment of Mr Chan U Seek pursuant to Section 153(6) of Companies Act, Chapter 50		
	(d) Re-appointment of Mr Jackson Lee Chik Sin pursuant to Section 153(6) of Companies Act, Chapter 50		
	(e) Re-appointment of Mr Phua Bah Lee pursuant to Section 153(6) of Companies Act, Chapter 50		
4.	Approval of Directors' Fees		
5.	Re-appointment of Auditors and authorisation of Directors to fix their remuneration		
6.	Any other business		
7.	SPECIAL BUSINESS Approval of Ordinary Resolution pursuant to Section 161 of the Companies Act, Chapter 50		

If you wish to exercise all your votes For or Against, please tick with '✓'. Alternatively, please indicate the number of votes For or Against each resolution.

If this form of proxy contains no indication as to how the proxy should vote in relation to each resolution, the proxy shall, as in the case of Any Other Business raised at the meeting, vote as the proxy deems fit.

Dated this _____ day of _____ 2005.

Total Number of Shares Held	
------------------------------------	--

Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES

- 1 A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his stead.
- 2 Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.
- 3 A proxy need not be a member of the Company.
- 4 A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all shares held by the member.
- 5 The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 391B Orchard Road #23-01 Tower B, Ngee Ann City Singapore 238874 not less than 48 hours before the time set for the Meeting.
- 6 The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
- 7 Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

GENERAL

The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

CORPORATE DATA

Board of Directors

Ong Tjoe Kim, Chairman

Jopie Ong Hie Koan, Group Managing Director

Chan U Seek

Jackson Lee Chik Sin

Lee Khoon Choy

Phua Bah Lee

Secretaries

Tan Ching Chek

Lee Chin Yin

Auditors

Ernst & Young

Mrs Fang Ai Lian, Engagement Partner

(Since financial year ended 31 March 2003)

Principal Bankers

DBS Bank Ltd

United Overseas Bank Ltd

Agricultural Bank of China

Registrars

Barbinder & Co Pte Ltd

8 Cross Street

#11-00 PWC Building

Singapore 048424

Telephone : (65) 6236 3333

Registered Office & Business Address

391B Orchard Road

#23-01 Tower B

Ngee Ann City

Singapore 238874

Telephone : (65) 6733 3000

Facsimile : (65) 6735 3515

Website : www.metro.com.sg

Metro Holdings Limited

Company Registration No: 197301792W

391B Orchard Road #23-01 Tower B

Ngee Ann City, Singapore 238874

Tel : (65) 6733 3000

Fax : (65) 6735 3515

Website : www.metro.com.sg