美羅 METRO

# Building A Portfolio of Success in Asia

Annual Report twenty08

METRO HOLDINGS LIMITED Annual Report twenty08 Building A Portfolio of Success in Asia

METRO CITY, BEIJING


ECMALL

GIE TOWER

ICT PLAZA

Beijing

Urumqi, Xinjiang

Shanghai

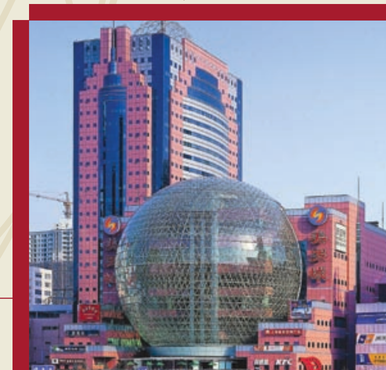
Guangzhou

A property development and investment group, backed by an established retail track record.

1 FINANCIAL STREET

METROPOLIS TOWER

METRO CITY, SHANGHAI



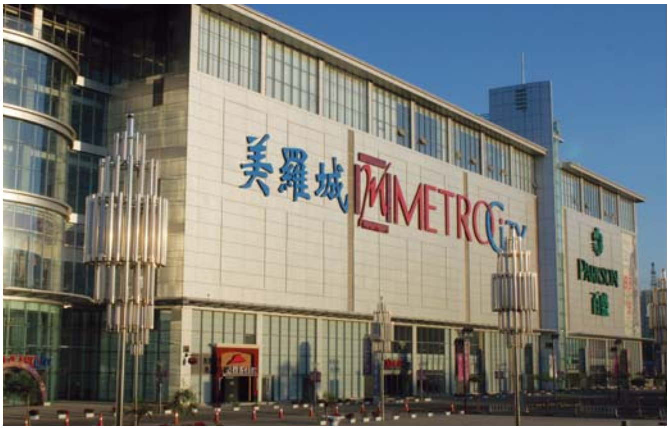
METRO TOWER

# contents


## our vision

Building on the synergies of our rich retail experience, strong foothold in China, and our strategic partnerships, Metro aims to be a leading property development and investment group in the region.

# corporate profile




Listed on the Main Board of the SGX-ST in 1973, Metro Holdings was founded in 1957 by its former chairman, Ong Tjoe Kim. Starting out as a textile store on 72 High Street, Metro has grown over the years to become a property development and investment group, backed by an established retail track record, with a turnover of S$224.4 million and net assets of S$888.2 million as at 31 March, 2008.

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

**Property Development and Investment**

The Group's property arm owns and manages, almost 320,000 square metres of prime retail and office properties in first-tier cities in China, such as Beijing, Shanghai and Guangzhou, and also holds significant investments in certain property businesses in China. The property arm also has a small presence in Malaysia.

**Retail**

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

# chairman's statement

On behalf of the Board of Metro Holdings Limited, it is my pleasure to present you our Annual Report for the financial year ended March 31, 2008 ("FY2008").

The past financial year has been a challenging but exciting one for the Group. Revenue increased 4.8% to S$224.4 million due mainly to higher rental income from our properties in China. Profit before tax rose 5.9% to S$86.5 million resulting from a gain of S$31.9 million from the disposal of Gurney Plaza and S$14.9 million from fair value adjustments on investment properties. In the prior year, an exceptional gain of S$29.1 million was recognised on the disposal of about half of the Group's investment in Shui On Land Ltd's shares. Net profit, however, decreased marginally by 4.0% to S$66.0 million as it was affected by an increase in tax charge in FY2008.

Overall, the growth in our top line can be attributed to the good performance of our **Property Development and Investment** division. Our properties in China, especially our retail properties, saw strong pick up in rental income. This led to a 38% increase in the Group's rental revenue to S$48 million.

Lt-Gen (Retd) Winston Choo
Chairman

Our properties in China, especially our retail properties, saw strong pick up in rental income. This led to a 38% increase in the Group's rental revenue to S$48 million

Our **Retail Operations**, however, saw a marginal 1.7% decrease in revenue to S$176.4 million with the closure of Metro Tampines in August 2007. The closure was cushioned by a well-supported closing down sale and improved sales at continuing Metro stores.

### Property Development and Investment

In **Property Development**, our four completed properties, located in China's first-tier cities, namely, Metro City and Metro Tower in Shanghai, Metro City in Beijing and GIE Tower in Guangzhou has a total net lettable area of 191,257 square metres.

Office and retail properties in China's first-tier cities continued to see strong take up and rental rates as the Chinese economy continued to show robust growth in excess of 10% annually. The upcoming Beijing Olympics 2008 and Shanghai World Expo 2010 also continued to drive commercial activities and consumer spending in the two major cities. With this backdrop, all our four buildings in China continued to enjoy healthy occupancy rates averaging close to 87%.

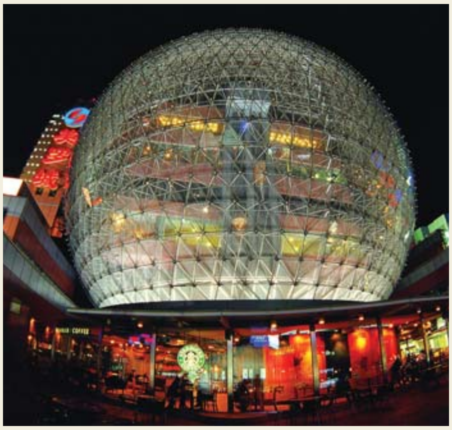
# chairman's statement

We are excited with the impending completion of our three new properties, currently being developed together with our partners, namely: 1 Financial Street, Metropolis Tower and ECMall in Beijing. These three buildings, scheduled to complete in 2008/2009, will add about 127,000 square metres of potential lettable space to our property portfolio in China, bringing it to 318,257 square metres.

In Malaysia, we completed the disposal of Gurney Plaza in Penang, as the property has reached full occupancy and stable rental return. As a result, we registered an extra-ordinary gain of S$31.9 million from the sale. Construction work on the 12,500 square metres extension to the Gurney Plaza, which began last year, is on track. We expect the development to be completed on schedule by end 2008.

G Hotel, which established itself as *the* premier hotel in Penang since its opening in early 2007, has enjoyed a healthy occupancy rate of 75% from the second half of FY2008, when it became fully operational. Revenue per available room has also climbed steadily.

In **Property Investment**, our portfolio in property-related businesses generated a growing stream of dividend and interest income.



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### Retail Operations

During the year, the Group closed its department store in Tampines. With the closure, the Group now has three department stores in Singapore occupying 18,700 square metres of retail space, and five more in Jakarta and Bandung, Indonesia spanning over 57,250 square metres. Our premier store, M @ Pacific Place, strategically located in downtown Jakarta, opened in April 2008. The Group also has four "Accessorize" specialty shops in Singapore under its retail portfolio.

Going forward, we will be looking to refresh our merchandise mix by introducing new brands, improving store layout and incorporating more lifestyle concepts in our stores to create a more exciting retail experience for our customers.

### Outlook

The general economic environment continues to present challenges given the current situation in both the debt and equity markets. However, we have mapped out a growth strategy to capitalise on the situation.

# chairman's statement

Indeed, FY2009 is set to be another interesting year for the Group with our properties expected to generate a steady flow of rental. In addition, the Group's new properties under development, held by associates, are expected to commence operations in 4QFY2009. The Gurney Plaza extension and 1 Financial Street, Beijing are due to come on stream in late 2008, and start to contribute in the fourth quarter of FY2009. The other two buildings in Beijing – Metropolis Tower and ECMall - would be ready in the first half of 2009, which would bring our property operations to a new level.

On the retail front, whilst sales of continuing stores are expected to remain stable, the closure of Metro Tampines will have some impact on our turnover. Plans are underway to open one new store each in both Singapore and Indonesia in 2009 which will augur well for us.

The Group's balance sheet remains healthy with low gearing of 0.02 times and a cash position of S$173.7 million. This will put us in a strong position to acquire new properties as and when the opportunities arise.

## Proposed Dividend

To reward our loyal shareholders, the Group has proposed an ordinary final dividend of one Singapore cent per share. Together with the interim and special dividends paid out in December 2007, the total dividend for FY2008 is five Singapore cents per ordinary share. The payout ratio of 40.9% is buoyed by the Group's strong balance sheet. We believe in rewarding our shareholders and will continue to maintain a prudent balance between dividend distribution and the redeployment of funds into higher yielding business assets to enhance shareholders' value.

## A Word of Thanks

Finally, on behalf of the Board, I wish to take the opportunity to thank Mr Ong Tjoe Kim for his valuable leadership to the Company during his 34 years as Executive Chairman. Whilst Mr Ong has relinquished his position as Executive Chairman, he will remain as Director in the Company, and has been appointed as Senior Adviser in recognition of his wealth of experience in this industry.

My appreciation also goes to Mr Lee Khoon Choy, who stepped down from his position as Director last year. We value his 16 years of wise counsel and would like to wish him the very best in his future endeavours.

I would also like to welcome Mr Gerald Ong, who joined us as Director in June 2007. Mr Ong's strong financial background, with years of experience in corporate finance, will be an asset to the Company.

In closing, I would like to express my heartfelt gratitude to our business partners, associates and all our staff for your unwavering commitment, without which we would not have been where we are today. We look forward to your continued support in FY2009.

Lt-Gen (Retd) Winston Choo
Chairman

June 10, 2008

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1. Metro City, Shanghai
2. M @ Pacific Plaza, Jakarta
3. Metro City, Beijing

# 董事长报告

我很荣幸代表美罗董事会，向您提供截止于2008年3月31日的财政年度报告。

过去的这一财政年度，对于集团是一个富有挑战和令人鼓舞的一年。该年度的收入增长了4.8%，达到22,440万新元，这主要归因于我们在中国的房地产享有的更高的租金收入。税前的利润增长了5.9%，达到8,650万新元，主要来自于出售合您广场(Gurney Plaza)的3,190万新元收益和投资性房地产按公允价值调整的1,490万新元增值。上一年度额外收益的2,910万新元，来自于出售集团所持有的瑞安房地产有限公司的股份的一半。然而，受2008财政年度税务增加的影响，集团的净利润下降了4.0%至6,600万新元。

整体而言，我们增长最快的是房地产开发和投资部分。我们在中国的房地产，特别是零售用途房地产业，租金收入增长迅猛。这部分的增长使得集团的租金收入增长了38%，达到4,800万新元。

然而，我们的零售业收入下降了1.7%至17,640万新元，并在2007年8月关闭了美罗淡滨尼。美罗淡滨尼关闭时的清仓销售收入，和美罗其他百货店的收益增长，使关闭该店的影响得到缓冲。

**朱维良中将**
董事长

**房地产开发和投资**

在房地产开发方面，我们在中国一线城市已完成的四项房地产，即上海的美罗城与美罗大厦、北京的美罗城和广州国际电子大厦，其总出租面积达191,257平方米。

中国经济每年超过10%的强劲增长，使得写字楼和零售用途房地产在中国一线城市有很高的出租率和租金增长率。即将到来的2008年北京奥运会以及2010年上海的世博会，促使这两个城市的商业活动和消费持续增长。在这个背景下，我们在中国的这四项房地产保持拥有近87%的平均出租率。

同时，我们也兴致勃勃地期待，目前正与合伙人共同开发的三个新房地产项目的竣工，即在北京的金融街一号、都会大厦(Metropolis Tower)和欧美汇(ECMall)。这三项工程将分别在2008/2009年完工，届时，我们在中国的房地产投资将增加127,000平方米可出租面积，使总可出租面积达到318,257平方米。

在马来西亚，我们完成了位于槟城的合您广场(Gurney Plaza)的出售，该项目的出租率已满，租金也有稳定的回报。该出售使我们取得了3,190万新元的非正常性收益。我们在去年开始了合您广场(Gurney Plaza)12,500平方米的扩展工程，工程目前进展顺利。我们预计该扩展工程于2008年底竣工。

# 董事长报告

自2007年开业并定位于槟城高档酒店的G酒店(G Hotel)，在2008财政年度下半年，全面开业以来，取得了75%的出租率，每间可供出租客房收入也稳定增长。

在房地产投资方面，我们的投资组合在房地产相关的商业方面促进了股息和利息的增长。

**零售业**

在过去的一年里，集团关闭了位于淡滨尼的百货商店。该店关闭后，集团目前在新加坡有三家店，共占地18,700平方米；在印尼雅加达和万隆共有五家店，占地57,250平方米。我们位于雅加达的精品店，M@Pacific Place，已于2008年4月开张。在新加坡，集团另有四家“Accessorize”专卖店在美罗的零售业旗下。

继往开来，我们期待通过引进更多的新品牌，提升商铺内的布局，以及结合更多的生活方式概念来更新商品的种类，以求为客户创造出更加兴奋人心的购物体验。

**展望**

考虑到目前的债务和资本市场状况，总体的经济形势仍然是具有挑战性的，然而，我们已制订出克服目前形势的策略。

2009财务年度对于集团将是又一个有意义的一年。集团的房地产预计在2009财务年度带来稳定的租金收入。另外，集团与合伙人共建的新房地产将于2009财务年度第四季度开始营业。合您广场(Gurney Plaza)扩建的部分，以及北京金融街一号将在2008年年底竣工，并于2009财务年度第四季带来收入。另两幢位于北京的建筑，都会大厦(Metropolis Tower)和欧美汇(ECMall)，也将在2009年上半年交付使用。这些都将给我们的房地产营运带上新的一个台阶。

在零售业方面，持续经营的百货商店销售预计保持稳定。美罗淡滨尼百货商店的关闭会对我们的收入产生一定影响，但我们正计划于2009年在新加坡和印尼再各开一家店，预计将对我们产生正面的影响。

低至0.02的资本负债率和17,370万新元的货币资金状况，使集团的资产负债表保持健全良好的状况。这将使我们在有机会收购新的房地产项目时，拥有强大的实力。

**股息发放提议**

为回报我们的忠实股东，集团提议期末普通股息为每股一分新元，加上在2007年12月发放的期中股息和特别股息，2008财务年度的总股息为每普通股五分新元。集团强大资产负债表为40.9%的派息率提供了支撑。我们以回报股东为信念，并将继续在股息发放和再投入资金于高产出商业资产方面保持谨慎的平衡，以增加股东的价值。

**致谢**

最后，我代表美罗的董事会感谢王梓琴先生34年以来做为执行董事长为公司所作出的杰出领导。虽然，王先生已不再任执行董事长职位，但是，由于他在本行业中拥有丰富的经验，他依然留任为公司的董事，并任职资深顾问。

我也要感谢李炯才先生。他于去年已退出董事职务。我们珍惜他在过去16年间的贤明指导，并祝福他一切顺利。

我同时欢迎王宗庆先生，在2007年6月加入我们的董事会。王先生资深的金融业背景，以及在公司理财方面多年的经验，将成为公司宝贵财富。

最后，我衷心感谢我们的商业合作伙伴、合伙人及我们的员工。没有你们坚定的承诺，我们是不可能做到今天。在2009财政年度，我们期待你们一如既往的支持。

**朱维良中将**
2008年6月10日

注：董事长报告的中文译本和英文文本如有相异，则以英文文本为准。

# corporate structure

# operations review

## Financial Performance

The Group's revenue for FY2008 remained relatively stable, increasing by 4.8% to S$224.4 million, from S$214.2 million in FY2007. This was due to rental income from the newly-opened Metro City, Beijing, higher rental income from Metro City, Shanghai and a one-time recognition of service charges of S$4 million. In terms of geographical spread, overseas revenue from China accounted for all of the property division's revenue whilst retail revenue was derived from sales in Singapore.

Profit before tax for the Group in FY2008 increased by 5.9%, from S$81.7 million in FY2007 to S$86.5 million in FY2008. Drivers of the year's earnings included the improved operating performance of the Group's core property leasing operations, in view of the premium rental rates the Group enjoyed as a result of good demand for its properties in China, as well as higher fair value gains of S$14.9 million arising from the Group's investment property portfolio and a gain of S$31.9 million from the divestment of Gurney Plaza in Penang. However, the Group's net profit attributable to shareholders saw a slight decline of 4.0% to S$66.0 million, largely due to a substantially higher tax charge, which rose from S$10.8 million to S$20.2 million.

## Property Portfolio Performance Review

The Group's property division continued its strong growth momentum in FY2008, with revenue increasing by 38.4% to S$48.0 million, contributing 21.4% to the Group's total revenue. This was due mainly to the maiden contribution from Metro City, Beijing, which was fully opened in September 2007, higher rental income from Metro City, Shanghai, as well as a one-time recognition of service charges of S$4 million.

In addition, the share of results of associated companies for this division saw a five-fold increase to S$24.1 million, as a result of the disposal of Gurney Plaza in August 2007. The Group also registered a higher gain of S$14.9 million in FY2008 arising from fair value adjustments on investment properties, compared to FY2007's S$2.9 million.

As a result, profit before tax for the Group's property division rose to S$75.6 million in FY2008, an increase of 10.1% over the S$68.7 million achieved in FY2007.

However, the increase in the property division's operating profits were weighed down by a decline of S$9.6 million, due to the decrease in fair value of the Group's portfolio of short-term investments, as well as the start-up costs of Metro City, Beijing.

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1. Metro Tower, Shanghai
2. Metro City, Beijing

# operations review

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## Improved Property Valuations

The Group's portfolio of completed properties was revalued, based on independent appraisals by professional valuers as at March 31, 2008. Overall, the Group's portfolio showed an increase in valuation in FY2008, as compared to FY2007. *(see Table 1)*

## Healthy Occupancy Rates

The Group's portfolio of four completed properties continued to enjoy healthy occupancy rates, achieving an average occupancy rate of 86.6% in FY2008.

Metro City, Shanghai continued to be the Group's top performer with almost full occupancy as at March 31, 2008. With its full opening in September 2007, Metro City, Beijing saw its occupancy rate improving significantly from 30.0% in FY2007 to 81.1% in FY2008.

The Group saw a decline in the occupancy rate for GIE Tower in Guangzhou, due to the departure of an anchor tenant. This was because of the tenant's need for additional office space for its planned expansion, which GIE Tower was unable to accommodate as the building was already fully occupied (excluding space originally occupied by the anchor tenant). *(see Table 2)*

## Portfolio Expiry Profile

Majority of the Group's existing leases that will expire by end of 2009 will be from Metro Tower, Shanghai. With rapid industrialisation in China brought on by more multi-national companies setting up base in China's first-tier cities, on top of an increasing demand for mall space fuelled by the upcoming Olympic Games, the Group believes that the property rental market in China will remain optimistic for the near future. *(see Table 3)*

**Property Valuations** *(Table 1)*

| | FY2007 (S$'m) | FY2008 (S$'m) | % owned by Group |
|---|---|---|---|
| Metro City, Shanghai | 198 | 209 | 60.0 |
| Metro City, Beijing | 339 | 345 | 50.0 |
| GIE Tower, Guangzhou | 88 | 92 | 100.0 |
| Metro Tower, Shanghai | 164 | 173 | 60.0 |

*Note: Above figures represent 100% of the property valuations*

**Occupancy Rates** *(Table 2)*

| | FY2007 (%) | FY2008 (%) |
|---|---|---|
| Metro City, Shanghai | 99.4 | 99.4 |
| Metro City, Beijing(1) | 30.0 | 81.1 |
| GIE Tower, Guangzhou(2) | 91.6 | 68.1 |
| Metro Tower, Shanghai | 96.7 | 97.9 |

*(1) Metro City, Beijing fully opened in September 2007*

*(2) The decline in occupancy rate from 91.6% in FY2006 to 68.1% in FY2007 was due to the departure of an anchor tenant, due to its expansion needs which GIE Tower was unable to accommodate*

**Expiry Profile by Gross Rental Income of the Portfolio** *(Table 3)*

| | 1H FY2009 (%) | 2H FY2009 (%) |
|---|---|---|
| Metro City, Shanghai | 17.7 | 9.0 |
| Metro City, Beijing(1) | – | – |
| GIE Tower, Guangzhou | 4.8 | 14.8 |
| Metro Tower, Shanghai | 33.7 | 0.9 |

*(1) Metro City, Beijing fully opened in September 2007*

# operations review

## Property Development

The Group currently has four properties under development – three in China and one in Malaysia.

1 Financial Street in Beijing, a joint development with the Group's strategic partner, HSBC NF China Real Estate Fund/Nan Fung, is expected to be ready by the end of 2008. Located in the Financial Street Area, Xi Cheng District – Beijing's central financial district – 1 Financial Street will offer up to 75,000 square metres of office space upon completion.

The Group's remaining two properties under development, jointly developed with HSBC NF China Real Estate Fund and ECM Group, are located adjacent to each other in ZhongGuanCun, Haidian District, in North West Beijing. Currently under construction, ECMall and Metropolis Tower are scheduled to commence operations in the first half of 2009. Upon completion, ECMall will offer 29,000 square metres of leaseable retail space, and Metropolis Tower will comprise about 23,000 square metres of leaseable Grade A office space.

An extension of Gurney Plaza in Penang, Malaysia, was planned in view of the continued high demand for retail space. Scheduled for completion by end 2008, the extension will add almost 12,500 square metres of leasable space and several floors of carpark spaces when completed.

## Retail Operations

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

As such, the retail division achieved revenue of S$176.4 million in FY2008, contributing 78.6% to the Group's total revenue. In tandem with the fall in revenue, profit before tax for the retail division decreased by 16.5% to S$10.9 million in FY2008.

To tap on the promising prospects in the Indonesian retail sector, the Group opened its fifth outlet in the country, strategically situated in the central financial district of Jakarta, in April 2008. Called M @ Pacific Place – M as the epitome of Metro, the outlet is Indonesia's first-ever concept store of branded and fashion merchandise spanning over 10,060 square metres.


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1. Metro City, Shanghai
2. 1 Financial Street, Beijing
3. M @ Pacific Plaza, Jakarta

# operations review

## Strong Balance Sheet

With the adoption of FRS 40 since April 1, 2007, the Group's total assets rose by 11.0% to S$1.2 billion as at March 31, 2008, mainly due to fair value gains on investment properties such as Metro City, Shanghai, and Gurney Plaza at the associated companies level. In addition, total assets grew with additional investments during the year in the 1 Financial Street, ECMall and Metropolis Tower projects. As a result, Net Asset Value per ordinary share increased from S$1.26 to S$1.39.

Overall, the Group continued to enjoy a strong balance sheet, with total shareholders' equity of S$879.6 million, cash position of S$173.7 million, and relatively low net gearing of 0.02 times, as at March 31, 2008.

## Outlook

In tandem with the rapid industrialisation and increasing commercialisation in China, more multi-national companies are setting up base in China's first-tier cities, such as Beijing, Shanghai and Guangzhou. With properties strategically located in key locations in the three cities, the Group believes that it is well poised to capitalise on the current demand-supply imbalance, which has triggered substantial growth year-on-year in the average rental rates in the CBD areas. With the Gurney Plaza extension and 1 Financial Street, Beijing, scheduled to come on stream towards the end of 2008, the Group expects contributions from these two to start in the fourth quarter of FY2009.


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1. Metropolis Tower, Beijing

2. Bandung Super Mall, Indonesia

# operations review

Rental demand from the retail sector has also seen significant increases in Beijing and Shanghai, with the upcoming Olympic Games in Beijing fuelling a demand spike for retail space there. Over in Shanghai, fast maturing high-end retail hubs such as Xujiahui are attracting more top international retail brands to locate there, and rental cost difference between the matured Nanjing West Road and Xujiahui is expected to decrease. This certainly bodes well for the Group's retail malls – Metro City, Beijing and Metro City, Shanghai.

Moving closer to home, retail sectors in Indonesia and Singapore are also anticipated to remain relatively stable, although the closure of Metro Tampines is expected to have some impact on the Group's turnover.

The Group is looking to open a new retail outlet at City Square Mall in Singapore, with plans to open more outlets locally as and when suitable real estate opportunities present themselves.

Over in Indonesia, the Group is also looking to open a new retail outlet at Grandaria City in Jakarta.

With clear growth strategies in place, supported by a healthy balance sheet, the Group is well positioned to Build a Portfolio of Success in Asia.

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1. Metro Paragon, Singapore
2. Metro Sengkang, Singapore
3. Accessorize, Singapore

# portfolio summary

**Completed Properties**

| | Location | % owned by Group | Tenure | Site Area (sqm) | Lettable Area (sqm) | No. of Tenants | Occupancy Rate (%) | Valuation (S$'m) (100%) |
|---|---|---|---|---|---|---|---|---|
| Metro City, Shanghai | Xujiahui, Shanghai, PRC | 60% | 36 yr term from 1993 | 15,342 | 38,000 | 111 | 99.4 | 209 |
| Metro City, Beijing | Chaoyang District, Beijing, PRC | 50% | 40 yr term from 2004 | 32,484 | 84,876 | 148 | 81.1 | 345 |
| GIE Tower, Guangzhou | Dongshan District, Guangzhou, PRC | 100% | 50 yr term from 1994 | – | 28,390 | 25 | 68.1 | 92 |
| Metro Tower, Shanghai | Xujiahui, Shanghai, PRC | 60% | 50 yr term from 1993 | 5,247 | 39,991 | 23 | 97.9 | 173 |
| G Hotel, Penang | Gurney Drive, Penang, Malaysia | 49% | Freehold | – | 304 rms | – | – | 60 |
| Total Portfolio | | | | 53,073 | 191,257 | 307 | 86.6 | 879 |

**Properties Under Development**

| | Location | % owned by Group | Tenure | Site Area (sqm) | Potential Saleable / Lettable Area (sqm) | Expected Completion |
|---|---|---|---|---|---|---|
| Gurney Plaza Extension, Penang | Gurney Drive, Penang, Malaysia | 49% | Freehold | 7,660 | 12,500 | End 2008 |
| 1 Financial Street, Beijing | Xi Cheng District, Beijing, PRC | 45% | 50 yr term from 2002 | 12,420 | 75,000 (1) | End 2008 |
| Metropolis Tower, Beijing | Haidian District, Beijing, PRC | 20% | 50 yr term from 2001 | 26,735 | 23,000 (1) | Q1 2009 |
| ECMall, Beijing | Haidian District, Beijing, PRC | 20% | 40 yr term from 2001 | | 29,000 | Q1 2009 |
| Total Portfolio | | | | 46,815 | 139,500 | |

*(1) Gross Floor Area*

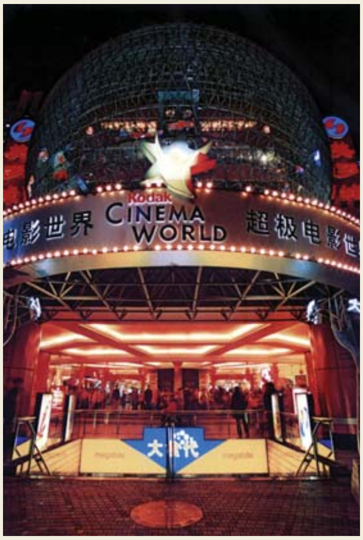
# portfolio summary

### Metro City, Shanghai

Strategically located at Xujiahui, Shanghai, Metro City, Shanghai is a lifestyle entertainment centre with retail space spanning 38,000 square metres. Xujiahui is a well-known retail, leisure and transportation hub in south-west Puxi, which is linked to major access roads and the Shanghai subway system.

Metro City, Shanghai offers a variety of leisure and lifestyle choices ranging from a cineplex to fitness centres over 9 levels of retail space. In addition, it is also directly linked to an underground MRT, which draws in high shopper traffic. Over the years, it has established its position as a popular information technology centre in Shanghai.

As at 31 March 2008, Metro City, Shanghai enjoys almost full occupancy, with a diversified retail mix. Ongoing asset enhancement exercises are in the pipeline, which include plans to refresh its retail concept.





### Top 10 Tenants (As at March 31, 2008)

| Name of Tenant | Trade Sector | Total lettable area (%) |
|---|---|---|
| Buynow Computer World | Electronics & IT | 19.26% |
| Physical Fitness & Beauty Centre | Leisure & Entertainment/ Sport & Fitness | 10.27% |
| Kodak Cinema World | Leisure & Entertainment/ Sport & Fitness | 8.80% |
| Popular Bookmall | Books/Gifts & Specialty/ Hobbies/Toys/Jewelry | 7.64% |
| Megabite | F&B/Food Court | 7.29% |
| ITOYA | F&B/Food Court | 5.63% |
| HAOLEDI KTV | Leisure & Entertainment/ Sport & Fitness | 4.74% |
| DAGAMA | F&B/Food Court | 2.41% |
| Pizza Hut | F&B/Food Court | 1.92% |
| KFC | F&B/Food Court | 1.81% |

# portfolio summary


## Metro City, Beijing

The newest addition to the Group's property arm, Metro City, Beijing is a 5-storey, 2-basement retail mall with almost 85,000 square metres of space, located in East Beijing in the Chaoyang District. Chaoyang is a major district with a population of over 1.7 million, and it is gradually gaining limelight as the central business district of Beijing is also situated in the district.

Metro City, Beijing, has been gaining ground as a premier lifestyle retail destination for the surrounding Beijing residents. In late March 2007, anchor tenant Parkson department store held a soft launch of its 25,000 square metres store. This was followed by the opening of another anchor tenant, Walmart, in September 2007.

As at 31 March 2008, Metro City, Beijing enjoys a healthy occupancy rate of over 80%.

> Metro City, Beijing, has been gaining ground as a premier lifestyle retail destination for the surrounding Beijing residents

### Top 10 Tenants (As at March 31, 2008)

| Name of Tenant | Trade Sector | Total lettable area (%) |
|---|---|---|
| Parkson Department Store | Department Store | 29.62% |
| Walmart Supercentre | Supermarkets | 21.27% |
| Gome Electrical | Electronics & IT | 3.77% |
| Lucky Time Food Court | F&B/Food Court | 3.24% |
| Qiqi Baby & Maternity | Services | 0.98% |
| Han Nan Shan | F&B/Food Court | 0.90% |
| Pesi Music Instruments | Services | 0.85% |
| NIKE | Leisure & Entertainment/ Sport & Fitness | 0.78% |
| Nafu | F&B/Food Court | 0.73% |
| Leyou Baby Products | Services | 0.73% |

# portfolio summary

### GIE Tower, Guangzhou

Part of a 7-storey shopping podium and 35-storey office tower, GIE Tower is located in Huanshi Road East, in the central business district of Dongshan, Guangzhou. The Group owns over 28,000 square metres of Grade A office space in this building, and as at 31 March 2008, GIE Tower enjoys almost 70% occupancy.

### Top 10 Tenants (As at March 31, 2008)

| Name of Tenant | Trade Sector | Total lettable area (%) |
|---|---|---|
| Jin Yu Restaurant | F&B | 12.68% |
| Ericsson | IT Services & Telecommunications | 11.89% |
| Swiss Ya Pei | Pharmaceutical | 4.17% |
| Roche | Pharmaceutical | 4.17% |
| Evergreen | Others | 3.53% |
| Toshiba | IT Services & Telecommunications | 2.92% |
| Total Petro Chemicals | Petroleum and Chemicals | 2.64% |
| Nordisk | Pharmaceutical | 2.57% |
| Beijing Mo Ke Medicine Consultancy | Others | 2.31% |
| Gold Partners | Others | 1.58% |

### Metro Tower, Shanghai

Located next to Metro City, Shanghai, Metro Tower offers almost 40,000 square metres of Grade A office space, spread out across 26 floors. The expansion needs of a strong multi-national tenant base have ensured almost full occupancy of the building.

### Top 10 Tenants (As at March 31, 2008)

| Name of Tenant | Trade Sector | Total lettable area (%) |
|---|---|---|
| Microsoft | IT Services & Telecommunications | 25.16% |
| Exxon Mobil | Petroleum & Chemicals | 20.69% |
| Swatch Group | Consumer Products | 8.54% |
| KFC | F&B | 8.51% |
| AIA | Banking, Insurance and Financial Services | 6.61% |
| Pizza Hut | F&B | 5.99% |
| Agricultural Bank of China | Banking, Insurance and Financial Services | 3.77% |
| Cummins | Others | 3.71% |
| He Yong | IT Services & Telecommunications | 1.95% |
| Faith Cosmetic | Consumer Products | 1.72% |

# portfolio summary

1

2

3

1. Gurney Plaza Extension, Penang
2. ECMall, Metropolis Tower, Beijing
3. G Hotel, Penang

### Gurney Plaza Extension, Penang

An extension of the 8-storey 1-basement Gurney Plaza retail mall was planned in view of the continued high demand for retail space, and construction work on the extension had commenced in April 2007. With the completion of the extension, which is scheduled for end of 2008, Gurney Plaza will have an addition of almost 12,500 square metres of leasable space and several floors of carpark spaces.

### G Hotel, Penang

G Hotel, the 19-level hotel component of Gurney Park, is a minimalist-styled hotel unique to Penang. Featuring a stunning atrium lobby filled with designer furniture, G Hotel completed the renovation and furnishing of all its 304 stylishly appointed rooms in mid 2007, amongst which included 16 different types of suites.

### 1 Financial Street, Beijing

1 Financial Street is located in the Financial Street Area, Xi Cheng District, Beijing's central financial district. Construction on the property has commenced and is expected to be completed by end of 2008. Upon completion, 1 Financial Street will comprise three portions – a 4-storey podium connecting two office towers and 3 levels of basement with a total gross floor area for offices of up to 75,000 square metres.

### Metropolis Tower, Beijing

Located in ZhongGuanCun, Haidian District, in North West Beijing, Metropolis Tower is a 19-storey, 4-basement office tower currently under construction. ZhongGuanCun, also known as Beijing's "Silicon Valley", is an IT-orientated zone with many universities, science academies and research institutions.

Scheduled to commence operations in the first quarter of 2009, Metropolis Tower is expected to offer about 23,000 square metres of leaseable Grade A office space upon completion.

### ECMall, Beijing

Located next to Metropolis Tower at ZhongGuanCun, Hai-Dian District, ECMall is a 6-storey, 4-basement retail mall, which is also currently under construction. Scheduled to commence operations in the first quarter of 2009, ECMall will offer 29,000 square metres of leaseable retail space upon completion.

### Investments

The Group owns about 1.8% of Shui On Land Ltd, a leading property developer in China. Its US$28 million investment in ICT Plaza also generates a fixed flow of dividend and interest income.

# corporate data

## Board of Directors

**Lt-Gen (Retd) Winston Choo Wee Leong**
Chairman

**Jopie Ong Hie Koan**
Group Managing Director

**Ong Tjoe Kim**

**Chan U Seek**

**Jackson Lee Chik Sin**

**Phua Bah Lee**

**Gerald Ong Chong Keng**

## Secretaries

**Tan Ching Chek**

**Lee Chin Yin**

## Auditors

**Ernst & Young**

Mr Michael Sim Juat Quee
Partner-in-charge
(Since financial year ended 31 March 2008)

## Principal Bankers

**DBS Bank Ltd**

**United Overseas Bank Ltd**

**Huaxia Bank Company Ltd**

## Registrars

**Tricor Barbinder Share Registration Services**
(A division of Tricor Singapore Pte. Ltd.)

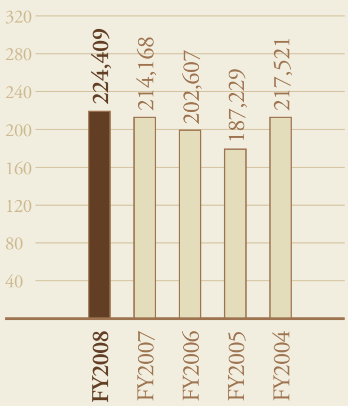
8 Cross Street #11-00 PWC Building
Singapore 048424
Telephone : (65) 6236 3333

## Registered Office & Business Address

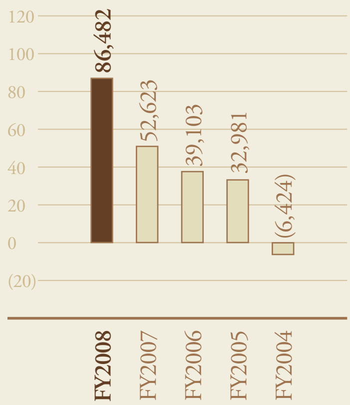
391A Orchard Road
#19-00 Tower A, Ngee Ann City
Singapore 238873
Telephone : (65) 6733 3000
Facsimile : (65) 6735 3515
Website : www.metro.com.sg

# financial highlights

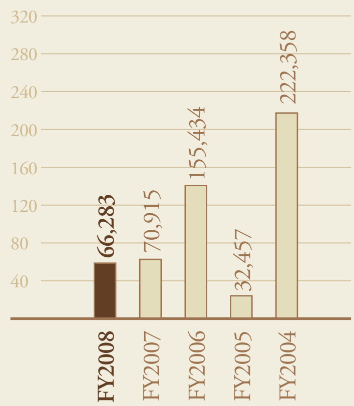
### Turnover
*(S$'000)*



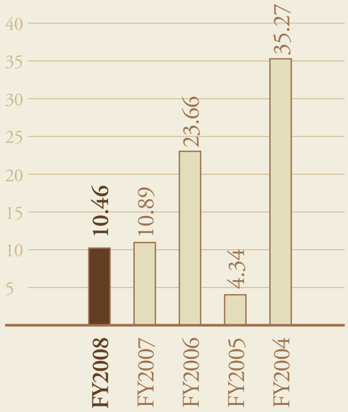

### Profit/(Loss) from operating activities
(before exceptional items and tax)
*(S$'000)*



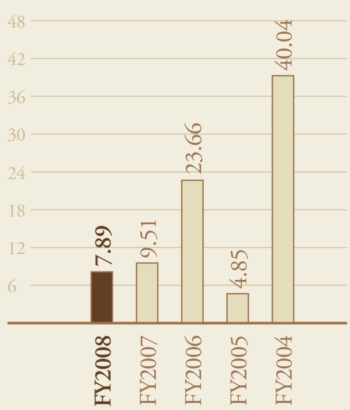

### Profit after taxation
*(S$'000)*



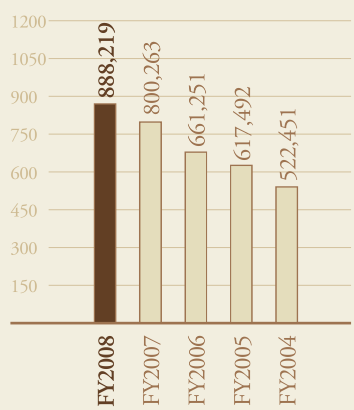

### Earnings per share
*(cents)*




### Return on shareholders' funds
*(%)*



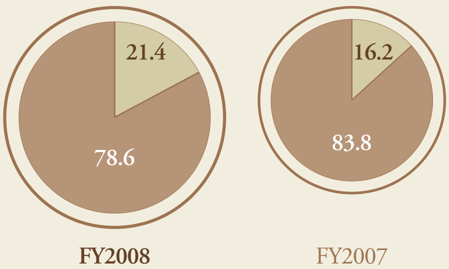

### Total net assets
*(S$'000)*



# financial highlights

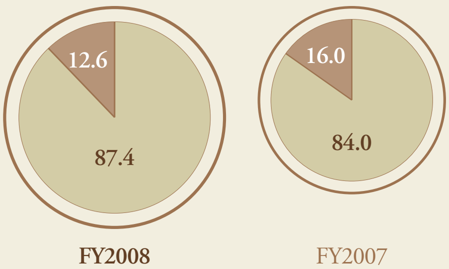
## Turnover by business segments *(%)*

Property Retail



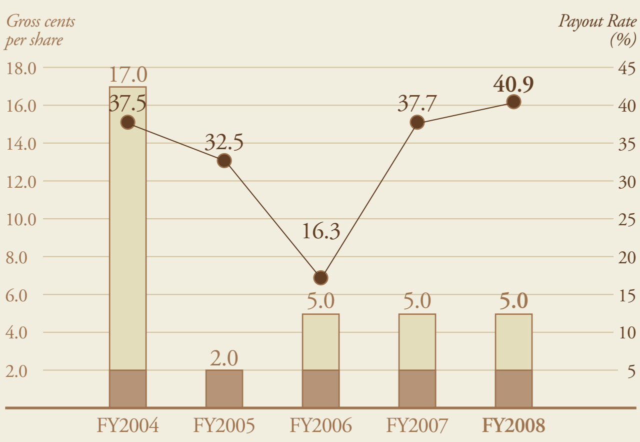

## PBT by business segments *(%)*

Property Retail




## Dividend Payout

Special Dividend Ordinary Dividend



# financial summary

| | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|
| **Financial Results ($'000)** | | | | | |
| Turnover | 224,409 | 214,168 | 202,607 | 187,229 | 217,521 |
| Profit/(Loss) before exceptional items and tax | 86,482 | 52,623 | 39,103 | 32,981 | (6,424) |
| Exceptional items | – | 29,078 | 119,160 | 2,605 | 229,840 |
| Net profit from operating activities before tax | 86,482 | 81,701 | 158,263 | 35,586 | 223,416 |
| Taxation | (20,199) | (10,786) | (8,889) | (6,978) | (727) |
| Profit from continuing operations after taxation | 66,283 | 70,915 | 149,374 | 28,608 | 222,689 |
| Profit/(Loss) from discontinued operations | – | – | 6,060 | 3,849 | (331) |
| Profit after tax | 66,283 | 70,915 | 155,434 | 32,457 | 222,358 |
| Minority interests | (315) | (2,232) | (1,006) | (1,408) | 217 |
| Net profit attributable to shareholders | 65,968 | 68,683 | 154,428 | 31,049 | 222,575 |
| Net final dividend proposed | 6,308 | 10,345 | 10,092 | 10,092 | 10,092 |
| Net interim dividend paid | 5,172 | – | – | – | – |
| Net special dividend paid/proposed | 15,517 | 15,517 | 15,139 | – | 73,801 |
| **Balance Sheets ($'000)** | | | | | |
| Property, plant and equipment | 11,874 | 109,980 | 112,962 | 174,615 | 135,004 |
| Investment properties | 498,568 | 356,759 | 88,003 | 89,017 | 89,582 |
| Non-current assets | 417,409 | 266,208 | 289,940 | 247,904 | 102,230 |
| Current assets | 306,073 | 378,610 | 415,983 | 301,997 | 369,915 |
| Total assets | 1,233,924 | 1,111,557 | 906,888 | 813,533 | 696,731 |
| Current liabilities | (199,233) | (203,623) | (128,035) | (134,008) | (116,747) |
| Long term and deferred liabilities | (146,472) | (107,671) | (117,602) | (62,033) | (57,533) |
| Total net assets | 888,219 | 800,263 | 661,251 | 617,492 | 522,451 |
| Financed by : | | | | | |
| Share capital | 126,155 | 126,155 | 126,155 | 126,155 | 126,155 |
| Reserves | 753,421 | 665,552 | 526,601 | 482,888 | 394,002 |
| Shareholders' funds | 879,576 | 791,707 | 652,756 | 609,043 | 520,157 |
| Minority interests | 8,643 | 8,556 | 8,495 | 8,449 | 2,294 |
| | 888,219 | 800,263 | 661,251 | 617,492 | 522,451 |

# financial summary

| | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|
| **Financial Ratios** | | | | | |
| Earnings per share after tax, minority interests and extraordinary items (cents)^ | 10.46 | 10.89 | 23.66 | 4.34 | 35.27 |
| Earnings per share after tax, minority interests but before extraordinary items (cents)^ | 10.46 | 10.89 | 23.66 | 4.34 | 35.27 |
| Return on shareholders' funds (%)^* | 7.89 | 9.51 | 23.66 | 4.85 | 40.04 |
| Return on total assets (%)^* | 5.63 | 6.81 | 17.35 | 3.63 | 27.49 |
| Dividends proposed/paid | | | | | |
| Special net dividend per share (cents) | 2.46 | 2.46 | 2.40 | - | 11.70 |
| Interim net dividend per share (cents) | 0.82 | - | - | - | - |
| Final net dividend per share (cents) | 1.00 | 1.64 | 1.60 | 1.60 | 1.60 |
| Dividend cover (times)^ | 2.44 | 2.66 | 5.92 | 2.71 | 2.65 |
| Net assets per share ($) | 1.39 | 1.26 | 1.03 | 0.97 | 0.82 |
| Debt/equity ratio (net of cash) (times) | 0.02 | (0.12) | (0.20) | (0.08) | (0.29) |
| Total liabilities to shareholders' funds (times) | 0.39 | 0.39 | 0.38 | 0.32 | 0.34 |
| Interest cover (times)^ | 8.70 | 14.34 | 32.90 | 26.59 | 102.38 |

*Notes*
^ *The financial ratios are based on continuing operations.*
* *In calculating return on shareholders' funds and return on total assets, the average basis has been used.*

# board of directors


1. Lt-Gen (Retd) Winston Choo Wee Leong, *Chairman*
2. Ong Tjoe Kim, *Director*
3. Chan U Seek, *Director*
4. Gerald Ong Chong Keng, *Director*
5. Jopie Ong Hie Koan, *Group Managing Director*
6. Phua Bah Lee, *Director*
7. Jackson Lee Chik Sin, *Director*

**Lt-Gen (Retd) Winston Choo Wee Leong**
Chairman

Lt-Gen (Retd) Winston Choo Wee Leong was appointed Director of Metro Holdings Limited ("Metro") in June 2007 and assumed the position of Chairman in July 2007. He had a distinguished military career from 1959 to 1992 and was Singapore's Chief of Defence Force from 1974 to 1992. He served as Singapore's High Commissioner to Australia and concurrently Ambassador to Fiji from 1994 to 1997. He also served as Singapore's Non-Resident High Commissioner to the Republic of South Africa and the Independent State of Papua New Guinea from 2000 to 2006. He is currently Singapore's Non-Resident Ambassador to the State of Israel and the Chairman of the Singapore Red Cross Society.

Lt-Gen Choo is an experienced company director, having served on the Boards of several listed companies since 1993. He is a member of the Board of Directors of Australand Holdings Limited, Foodfare Catering Pte Ltd and Cougar Logistics Corporation Ltd. He is also the Chairman/Director of Tridex Pte Ltd, WOW Vision Pte Ltd, Fairvision Pte Ltd and 3NGINE Pte Ltd.

Lt-Gen Choo holds a Master of Arts in History from Duke University, USA and has completed the Advance Management Programme at Harvard University, USA.

# board of directors

*Messrs. Lt-Gen (Retd) Winston Choo Wee Leong, Ong Tjoe Kim, Chan U Seek, Jackson Lee Chik Sin, Phua Bah Lee and Gerald Ong Chong Keng were last re-elected at Metro Holdings Ltd's Annual General Meeting on 20 July 2007.*

**Ong Tjoe Kim**
Director, Senior Adviser
Mr Ong Tjoe Kim has served as Executive Chairman of Metro since its incorporation and listing on the Stock Exchange of Singapore in 1973 up till 2007. 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 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
Mr Chan U Seek has been a Director of Metro since 1973. He has over 50 years of 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
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.

**Phua Bah Lee**
Director
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.

**Gerald Ong Chong Keng**
Director (Appointed in June 2007)
Mr Gerald Ong Chong Keng was appointed a Director of Metro in June 2007. He is currently the Chief Executive Officer of PrimePartners Corporate Finance Group and has some 20 years of corporate finance related experience. He has held senior positions at various financial institutions including NM Rothschilds & Sons (Singapore) Ltd, the DBS Bank Group, Tokyo-Mitsubishi International (Singapore) Pte Ltd and Hong Leong (Malaysia) Group. During his time with these institutions, Gerald's duties encompassed the provision of a wide variety of Corporate Finance services from advisory, M&A activities and fund raising exercises incorporating various structures such as equity, debt, equity-linked and derivative-enhanced issues. He is an alumnus of the National University of Singapore, University of British Columbia and Harvard Business School.

**Ho Ai Lian**
Director – to be appointed at AGM
Ai Lian has been appointed the Chairman of Great Eastern Holdings Ltd, a listed company on the Singapore Exchange, with effect from 15 April 2008. She is also the Chairman of Great Eastern Life Assurance Co Ltd, Overseas Assurance Corporation Ltd and Great Eastern General Insurance Co Sdn Bhd.

She qualified as a Chartered Accountant in London in 1973 and is a Fellow of the Institute of Chartered Accountants in England & Wales.

In July 1981, she was made a Partner at Ernst & Young in Singapore. She was later appointed Managing Partner in 1996 and Chairman of the firm in 2005. She was also the Clients Service and Accounts Leader for Ernst & Young Far East comprising ten countries. Ai Lian retired as Chairman of Ernst & Young on 31 March 2008, after 34 years with the firm. She currently also sits on the Boards of Banyan Tree Holdings Ltd and on several government, professional and educational institutions in Singapore.

A Justice of the Peace, Ai Lian's community services include serving as President of the Breast Cancer Foundation and the Home Nursing Foundation, and as Chairman of the Charity Council. She was a former Nominated Member of Parliament.

# key management

**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**
Group General Manager

Mr Lawrence Chiang is Group General Manager 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 and China. Whilst assuming overall responsibility for the Group's operations, he continues to directly oversee the operations of the Group's property division.

Prior to his current position, Mr Chiang was the Group's Head, Corporate Affairs and Special Projects and Financial Controller, positions he held after joining Metro in 1989. He has more than 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 Fellow of the Institute of Certified Public Accountants of Singapore, ACCA and 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 the operations of the retail division of the Metro Group in Singapore and Indonesia. She also serves as the Vice President 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 and
Joint Company Secretary

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.

**Goh Leng Seng**
Head, Property Development Technical Services

Mr Goh Leng Seng has been with the Metro Group of companies for the last 30 years. He oversees the technical aspects of the Metro Group's property development. He has vast experience in the building construction industry and project development and management. Mr Goh is a member of Singapore Institute of Surveyors and Valuers and Singapore Institute of Building Limited.

# 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 2005 ("Code"), pursuant to Rule 710 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 fulfill 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 Guidance

The Board comprises 7 directors. Lt-Gen (Retd) Winston Choo Wee Leong is the non-executive, independent Chairman. The Group Managing Director, Mr Jopie Ong Hie Koan is the executive director. Mr Ong Tjoe Kim and Mr Gerald Ong Chong Keng are the non-executive directors. Mr Chan U Seek, Mr Jackson Lee Chik Sin and Mr Phua Bah Lee are the non-executive, independent directors.

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 experience of the directors to govern and manage the Group's affairs and that a majority of the Board size is independent.

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

# corporate governance report

**Principle 3 : Chairman and Group Managing Director**

The roles of Chairman and Group Managing Director are separate. The Chairman provides overall vision and strategic guidance and bears responsibility for the workings of the Board.

The Group Managing Director bears full executive responsibility for the Group's operations including making key day-to-day operational decisions. The current Articles of Association of the Company do not provide for the Group Managing Director to retire by rotation and steps are being taken to align the Articles with current best practice.

The Chairman assumes the responsibilities of scheduling and setting 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 comprised four directors, three of whom, including the Chairman, are independent directors. The Committee Chairman is Mr Phua Bah Lee and the other members are Lt-Gen (Retd) Winston Choo Wee Leong, 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, currently, 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 Nominating Committee has recommended that Lt-Gen (Retd) Winston Choo Wee Leong, who is retiring at the forthcoming AGM, be re-elected. Lt-Gen (Retd) Winston Choo Wee Leong, is retiring pursuant to Article 94 of the Company's Articles of Association.

The Nominating Committee has also recommended the re-appointment of Mr Ong Tjoe Kim, Mr Chan U Seek, Mr Jackson Lee Chik Sin and Mr Phua Bah Lee who are retiring under Section 153(6) of the Companies Act, Chapter 50 at the forthcoming AGM.

The retiring directors have offered themselves for re-election/re-appointment. The Board has accepted the recommendations of the Nominating Committee.

In addition, the Nominating Committee has also recommended the appointment of Ms Ho Ai Lian as an independent director of the Company. The Board has accepted the recommendation of the Nominating Committee and recommended that the shareholders approve the appointment of Ms Ho Ai Lian as an independent director of the Company at the forthcoming AGM. The profile of Ms Ho Ai Lian can be found on page 25 of the Company's Annual Report 2008.

# corporate governance report

The dates of initial appointment and last re-election of each director are set out as follows:

| Name of director | Appointment | Date of initial appointment | Date of last re-election/ re-appointment |
|---|---|---|---|
| Lt-Gen (Retd) Winston Choo Wee Leong | Non-Executive / Independent Director | 18 June 2007 | 20 July 2007 |
| Jopie Ong Hie Koan* | Executive Director | 21 September 1973 | Not Applicable |
| Ong Tjoe Kim | Non-Executive Director | 21 September 1973 | 20 July 2007 |
| Chan U Seek | Non-Executive / Independent Director | 21 September 1973 | 20 July 2007 |
| Jackson Lee Chik Sin | Non-Executive/ Independent Director | 11 July 1983 | 20 July 2007 |
| Phua Bah Lee | Non-Executive / Independent Director | 5 October 1993 | 20 July 2007 |
| Gerald Ong Chong Keng | Non-Executive Director | 18 June 2007 | 20 July 2007 |

* Jopie Ong Hie Koan is also the Group Managing Director and need not retire by rotation as provided by the Articles of Association.

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 member's 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.

The search and nomination process for new directors, if any, will be through search companies, contacts and recommendations that go through the normal selection process, to cast its net as wide as possible for the right candidates.

**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.

# corporate governance report

## 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 Lt-Gen (Retd) Winston Choo Wee Leong, 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. The executive director has a service contract which includes terms of termination under appropriate notice. Non-executive directors are remunerated based on basic fees for serving on the Board and Board committees as is the executive director. 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:

| | Basic Salary/ Directors' Fees | Performance-Related/ Bonuses |
|---|---|---|
| Lt-Gen (Retd) Winston Choo Wee Leong | 100% | - |
| Ong Tjoe Kim [(1)] | 100% | - |
| Jopie Ong Hie Koan | 13% | 87% |
| Chan U Seek | 100% | - |
| Jackson Lee Chik Sin | 100% | - |
| Phua Bah Lee | 100% | - |
| Gerald Ong Chong Keng | 100% | - |

# corporate governance report

Number of directors in remuneration bands:

| | Executive Directors | | Non-executive Directors | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| $9,000,000 to $9,249,999 | 1 | - | - | - |
| $5,250,000 to $5,499,999 | - | 1 | - | - |
| $750,000 to $999,999 | - | 1 | - | - |
| $250,000 to $499,999 (1) | 1 | - | - | - |
| Below $250,000 | - | - | 5 | 4 |
| | 2 | 2 | 5 | 4 |

(1) In addition, Mr Ong Tjoe Kim received an ex-gratia payment of $1,692,626 when he retired as Executive Chairman of the Group on 1 July 2007.

Number of top five executives in remuneration bands (a):

| | 2008 |
|---|---|
| $3,500,000 to $3,749,000 | 1 |
| $1,250,000 to $1,499,999 | 1 |
| $1,000,000 to $1,249,000 | 1 |
| $500,000 to $749,999 | 1 |
| $250,000 to $499,999 | 1 |
| | 5 |

# corporate governance report

Number of employees who are immediate family members of a director, Mr Ong Tjoe Kim, and the Group Managing Director in remuneration bands (a):

| | 2008 |
|---|---|
| $1,250,000 to $1,499,999 | 1 |
| $250,000 to $499,999 | 1 |
| Below $250,000 | 1 |
| | 3 |

(a) Includes set up of initial provision for long-service benefits in respect of prior years of employment.

(b) 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 three non-executive independent directors. It is chaired by Mr Jackson Lee Chik Sin and the members are Mr Chan U Seek 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.

# corporate governance report

The Audit Committee reviews the scope, the audit plan, the results and effectiveness of the External and Internal Auditors. The internal audit function, which is outsourced to KPMG, 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, liquidity risk and market price risk. Further details of the financial risks and how the Group manages them are set out in note 32 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 External Auditors 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.

The Audit Committee has also approved the implementation of “Whistle-Blowing” arrangements by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The objective is to ensure that arrangements are in place for independent investigations of such matters and for appropriate follow up action.

# corporate governance report

## COMMUNICATION WITH SHAREHOLDERS

**Principle 14 : Communication with Shareholders**

**Principle 15 : Greater Shareholder Participation**

The Company does not practice selective disclosure. Shareholders are kept informed of the developments in the Group's businesses and operations through announcements via SGXNET 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.

# corporate governance report

## DIRECTORS' INTERESTS IN CONTRACTS ENTERED WITH THE GROUP

During the year, there were the following transactions with certain directors and/or with firms/companies in which they are members and/or have a substantial financial interest:

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| | $'000 | $'000 | $'000 | $'000 |
| Jopie Ong Hie Koan/Ong Tjoe Kim | | | | |
| Rental and property management income received from Eng Kuan Company Pte Ltd Group | 139 | 129 | - | - |
| Gerald Ong Chong Keng | | | | |
| Professional fees paid or payable to PrimePartners Corporate Finance Pte Ltd | 110 | - | 110 | - |
| Corporate advisory fees paid or payable to OEC Holdings Pte Ltd | 71 | - | 71 | - |

## INTERESTED PERSON TRANSACTIONS

Interested person transactions carried out during the financial year which fall under Chapter 9 of the Listing Manual of the SGX-ST were as follows:

**Directors and their associates**

Transactions with Jopie Ong Hie Koan, Ong Tjoe Kim and Gerald Ong Chong Keng
(Please refer to above item on Directors' Interests in Contracts entered with the Group.)

## BOARD COMPOSITION

As at 10 June 2008

| | Board | Audit Committee | Nominating Committee | Remuneration Committee |
|---|---|---|---|---|
| Lt-Gen (Retd) Winston Choo Wee Leong | Chairman | - | Member | Member |
| Ong Tjoe Kim | Member | - | - | - |
| Jopie Ong Hie Koan | Member | - | Member | - |
| Chan U Seek | Member | Member | - | Chairman |
| Jackson Lee Chik Sin | Member | Chairman | Member | Member |
| Phua Bah Lee | Member | Member | Chairman | Member |
| Gerald Ong Chong Keng | Member | - | - | - |

# corporate governance report

## DIRECTORS' ATTENDENCE AT BOARD AND 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 |
| Lt-Gen (Retd) Winston Choo Wee Leong | 3 | 3 | - | - | - | - | - | - |
| Ong Tjoe Kim | 4 | 1 | - | - | - | - | - | - |
| Jopie Ong Hie Koan | 4 | 4 | - | - | 1 | 1 | - | - |
| Chan U Seek | 4 | 3 | 4 | 3 | - | - | 1 | 1 |
| Jackson Lee Chik Sin | 4 | 4 | 4 | 3 | 1 | 1 | 1 | 1 |
| Phua Bah Lee | 4 | 4 | 4 | 4 | 1 | 1 | 1 | 1 |
| Gerald Ong Chong Keng | 3 | 2 | - | - | - | - | - | - |

# financial statements

# directors' report

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 subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 March 2008.

## Directors

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

Winston Choo Wee Leong (Chairman)
Jopie Ong Hie Koan (Group Managing Director)
Ong Tjoe Kim
Chan U Seek
Jackson Lee Chik Sin
Phua Bah Lee
Gerald Ong Chong Keng

## Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to 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, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50 (the "Act"), an interest in shares of the Company as stated below :

| | Shareholdings registered in the name of the directors | | Shareholdings in which the directors are deemed to have an interest | |
|---|---|---|---|---|
| **Name of director** | **As at 1.4.2007** | **As at 31.3.2008** | **As at 1.4.2007** | **As at 31.3.2008** |
| | **Number of ordinary shares** | | | |
| Ong Tjoe Kim | 40,448,160 | 40,448,160 | 138,471,060 | 141,471,060 |
| Jopie Ong Hie Koan | – | – | 188,810,104 | 191,810,104 |
| 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 2008.

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 subsidiaries 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 subsidiaries.

# directors' report

### Directors' contractual benefits

Since the end of the previous financial year, no director of the Company has received or become entitled to receive benefits under contracts required to be disclosed by Section 201(8) of the Act except those disclosed in Note 7 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 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

Ernst & Young have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board,

Winston Choo Wee Leong
Chairman

Jopie Ong Hie Koan
Group Managing Director

Singapore
9 June 2008

# statement by directors

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

We, Winston Choo Wee Leong and Jopie Ong Hie Koan, being two of the directors of Metro Holdings Limited, do hereby state that, in the opinion of the directors :

(i) the accompanying balance sheets, consolidated income statement, statements of changes in equity, and consolidated cash flow statement together with 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 2008 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, and

(ii) 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,

Winston Choo Wee Leong
Chairman

Jopie Ong Hie Koan
Group Managing Director

Singapore
9 June 2008

# independent auditors' report

To the Members of Metro Holdings Limited

We have audited the accompanying financial statements of Metro Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 42 to 113, which comprise the balance sheets of the Group and the Company as at 31 March 2008, the statements of changes in equity of the Group and the Company, and the income statement and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

## Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## Auditors' responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion,

(i) 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 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 2008 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and

(ii) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young
Public Accountants and Certified Public Accountants
Singapore
9 June 2008

# consolidated income statement

for the financial year ended 31 March 2008

(In Singapore dollars)

| | Note | 2008 $'000 | 2007 $'000 |
|---|---|---|---|
| **Revenue** | 4 | 224,409 | 214,168 |
| Cost of revenue | 5 | (176,999) | (181,453) |
| **Gross profit** | | 47,410 | 32,715 |
| Other income including interest income | 6 | 41,828 | 45,399 |
| Gain from fair value adjustments on investment properties | | 14,941 | 2,901 |
| General and administrative expenses | | (33,666) | (28,624) |
| **Profit from operating activities** | 7 | 70,513 | 52,391 |
| Finance costs | 8 | (11,232) | (6,123) |
| Share of associates' results, net of taxation | | 27,201 | 6,355 |
| Exceptional items | 9 | – | 29,078 |
| **Profit from operations before taxation** | | 86,482 | 81,701 |
| Taxation | 10 | (20,199) | (10,786) |
| **Profit net of taxation** | | 66,283 | 70,915 |
| **Attributable to :** | | | |
| Shareholders of the Company | | 65,968 | 68,683 |
| Minority interests | | 315 | 2,232 |
| | | 66,283 | 70,915 |
| | | **Cents** | **Cents** |
| **Earnings per share** | 11 | | |
| Basic and diluted | | 10.46 | 10.89 |

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# balance sheets

as at 31 March 2008

(In Singapore dollars)

| | Note | Group 2008 $'000 | Group 2007 $'000 | Company 2008 $'000 | Company 2007 $'000 |
|---|---|---|---|---|---|
| **Non-current assets** | | | | | |
| Property, plant and equipment | 12 | 11,874 | 109,980 | 9,162 | 4,800 |
| Investment properties | 13 | 498,568 | 356,759 | – | – |
| Subsidiaries | 14 | – | – | 17,174 | 17,174 |
| Amounts due from subsidiaries | 15 | – | – | 530,903 | 376,251 |
| Associates | 16 | 47,917 | 49,455 | 500 | 500 |
| Amounts due from associates | 17 | 203,975 | 27,158 | – | 25,548 |
| Investments | 18 | 165,517 | 189,595 | – | – |
| | | 927,851 | 732,947 | 557,739 | 424,273 |
| **Current assets** | | | | | |
| Inventories | 19 | 11,303 | 13,190 | – | – |
| Accounts receivable | 20 | 14,780 | 12,490 | 17,660 | 27,276 |
| Deposits and prepayments | | 3,272 | 4,298 | 158 | 247 |
| Tax recoverable | | 1,426 | 1,332 | 1,426 | 1,332 |
| Investments | 18 | 101,549 | 110,621 | – | – |
| Cash and bank balances | 21 | 173,743 | 236,679 | 39,391 | 31,227 |
| | | 306,073 | 378,610 | 58,635 | 60,082 |
| **Current liabilities** | | | | | |
| Bank borrowings | 22 | 108,039 | 82,900 | 46,125 | 10,695 |
| Accounts payable | 23 | 77,697 | 110,053 | 43,501 | 33,847 |
| Provision for taxation | | 13,497 | 10,670 | – | – |
| | | 199,233 | 203,623 | 89,626 | 44,542 |
| **Net current assets/(liabilities)** | | 106,840 | 174,987 | (30,991) | 15,540 |
| **Non-current liabilities** | | | | | |
| Bank borrowings | 22 | 80,770 | 55,651 | – | – |
| Amounts owing to subsidiaries | 23 | – | – | 300,273 | 270,161 |
| Deferred taxation | 10 | 65,702 | 52,020 | 424 | 479 |
| | | (146,472) | (107,671) | (300,697) | (270,640) |
| **Net assets** | | 888,219 | 800,263 | 226,051 | 169,173 |
| **Equity attributable to equity holders of the Company** | | | | | |
| Share capital | 24 | 126,155 | 126,155 | 126,155 | 126,155 |
| Reserves | 25 | 753,421 | 665,552 | 99,896 | 43,018 |
| | | 879,576 | 791,707 | 226,051 | 169,173 |
| **Minority interests** | | 8,643 | 8,556 | – | – |
| **Total equity** | | 888,219 | 800,263 | 226,051 | 169,173 |

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# statements of changes in equity

for the financial year ended 31 March 2008

(In Singapore dollars)

| | Note | Group 2008 $'000 | Group 2007 $'000 | Company 2008 $'000 | Company 2007 $'000 |
|---|---|---|---|---|---|
| **Share capital** | | | | | |
| Balance at beginning and end of financial year | 24 | 126,155 | 126,155 | 126,155 | 126,155 |
| **Revaluation reserve** | | | | | |
| Balance at beginning of financial year | | | | | |
| - as previously reported | | 138,028 | 84,603 | 2,017 | 2,001 |
| - effects of adopting FRS 40 | 2.2 | (136,011) | – | – | – |
| - as restated | | 2,017 | 84,603 | 2,017 | 2,001 |
| Surplus on revaluation of land and buildings | | 4,310 | – | 4,310 | – |
| Deferred tax on revaluation of land and buildings | | (26) | – | (26) | – |
| Surplus on revaluation of investment properties | 13 | – | 74,024 | – | – |
| Share of associate's deferred tax on revaluation of land and building | 10 | – | (9,444) | – | – |
| Effect of changes in tax rates | 10 | – | 6,688 | – | 16 |
| Share of associate's surplus on revaluation of land and buildings | | 2,439 | 403 | – | – |
| Deferred tax on revaluation of investment properties | 10 | – | (18,246) | – | – |
| Balance at end of financial year | 25 | 8,740 | 138,028 | 6,301 | 2,017 |
| **Fair value reserve** | | | | | |
| Balance at beginning of financial year | | 49,378 | – | – | – |
| Fair value adjustment on available-for-sale investments | | 8,816 | 77,970 | – | – |
| Realised gain on disposal of available-for-sale investments transferred to profit and loss | | – | (29,458) | – | – |
| Foreign currency translation for the year | | – | 866 | – | – |
| Balance at end of financial year | 25 | 58,194 | 49,378 | – | – |

# statements of changes in equity

for the financial year ended 31 March 2008

(In Singapore dollars)

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2008<br>$'000 | 2007<br>$'000 | 2008<br>$'000 | 2007<br>$'000 |
| **Foreign currency translation reserve** | | | | | |
| Balance at beginning of financial year | | (15,988) | (8,684) | – | – |
| Foreign currency translation for the financial year | | (11,611) | (7,304) | – | – |
| Balance at end of financial year | 25 | (27,599) | (15,988) | – | – |
| Net gains/(losses) recognised directly in equity | | | | | |
| - revaluation reserve | | 6,723 | 53,425 | 4,284 | 16 |
| - foreign currency translation reserve | | (11,611) | (7,304) | – | – |
| - fair value reserve | | 8,816 | 49,378 | – | – |
| Total gains recognised directly in equity attributable to equity holders of the Company | | 3,928 | 95,499 | 4,284 | 16 |
| **Revenue reserve** | | | | | |
| Balance at beginning of financial year | | | | | |
| - as previously reported | | 494,134 | 450,682 | 41,001 | 32,341 |
| - effects of adopting FRS 40 | | | | | |
| - reclassification from revaluation reserve | 2.2 | 136,011 | – | – | – |
| - revaluation of investment properties | 13 | 21,618 | – | – | – |
| - deferred tax on revaluation surplus | 10 | (5,431) | – | – | – |
| - share of associates' revaluation surplus on investment properties, net of tax | | 48,337 | – | – | – |
| - as restated | | 694,669 | 450,682 | 41,001 | 32,341 |
| Dividend paid, less income tax | 26 | (46,551) | (25,231) | (46,551) | (25,231) |
| Profit attributable for the year | | 65,968 | 68,683 | 99,145 | 33,891 |
| Balance at end of financial year | 25 | 714,086 | 494,134 | 93,595 | 41,001 |
| **Total shareholders' equity** | | 879,576 | 791,707 | 226,051 | 169,173 |
| Total gains for the year attributable to equity holders of the Company | | 69,896 | 164,182 | 103,429 | 33,907 |

# statements of changes in equity
for the financial year ended 31 March 2008

(In Singapore dollars)

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2008 $'000 | 2007 $'000 | 2008 $'000 | 2007 $'000 |
| **Minority interests** | | | | | |
| Balance at beginning of financial year | | 8,556 | 8,495 | – | – |
| Net profit for the year | | 315 | 2,232 | – | – |
| Foreign currency translation for the year | | (790) | (591) | – | – |
| Quasi-equity loans repaid by subsidiaries | | – | (4,732) | – | – |
| Fair value adjustment on available-for-sale investments | | 562 | 5,032 | – | – |
| Realised gain on disposal of available-for-sale investments transferred to profit and loss | | – | (1,880) | – | – |
| Balance at end of financial year | | 8,643 | 8,556 | – | – |
| Total (losses)/gains recognised directly in equity attributable to minority interests | | (228) | 2,561 | – | – |
| Total gains for the year attributable to minority interests | | 87 | 4,793 | – | – |
| **Total equity** | | 888,219 | 800,263 | 226,051 | 169,173 |

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# consolidated statement of cash flows

for the financial year ended 31 March 2008

(In Singapore dollars)

| | Note | 2008<br>$'000 | 2007<br>$'000 |
|---|---|---|---|
| **Cash flows from operating activities :** | | | |
| **Operating profit before reinvestment of working capital** | | | |
| Operating profit before reinvestment in working capital | (a) | 31,536 | 34,222 |
| Increase in inventories | | (251) | (918) |
| (Increase)/decrease in accounts receivable | | (654) | 7,630 |
| Decrease/(increase) in deposits and prepayments | | 1,026 | (1,086) |
| Decrease/(increase) in short term investments | | 11,765 | (3,118) |
| (Decrease)/increase in accounts payable | | (32,356) | 3,205 |
| Cash generated from operations | | 11,066 | 39,935 |
| Interest expense paid | | (11,232) | (6,122) |
| Interest income received | | 12,994 | 14,940 |
| Income taxes paid | | (9,249) | (10,400) |
| Net cash provided by operating activities | | 3,579 | 38,353 |
| **Cash flows from investing activities :** | | | |
| Additions to property, plant and equipment | | (1,869) | (8,244) |
| Additional investment in long term investments | | – | (24,560) |
| Additional cost to property under development | | – | (41,915) |
| Additional cost to investment property | | (1,511) | – |
| Acquisition of jointly controlled entity, net of cash acquired | | – | (41,010) |
| Proceeds from sale of property, plant and equipment | | 619 | 1,227 |
| (Increase)/decrease in amount owing by associates | | (165,100) | 1,422 |
| Additional investment in associates | | (7) | – |
| Repayment of shareholders' loan | | 7,610 | – |
| Proceeds from disposal of Shui-On Land Ltd shares | | – | 72,836 |
| Dividends received from associates | | 80,700 | – |
| Dividends received from quoted and unquoted investments | | 9,336 | 13,378 |
| Changes in fixed deposits held as security | | 13,718 | 4,902 |
| Net cash used in investing activities | | (56,504) | (21,964) |
| **Cash flows from financing activities :** | | | |
| Drawdown/(repayment) of bank borrowings (net) | | 50,258 | (13,535) |
| Repayment of minority interests' loans to subsidiaries | | – | (4,731) |
| Dividend paid | | (46,551) | (25,231) |
| Net cash provided by/(used in) financing activities | | 3,707 | (43,497) |
| **Net decrease in cash and cash equivalents** | | (49,218) | (27,108) |
| **Cash and cash equivalents at beginning of financial year** | 21 | 167,676 | 194,784 |
| **Cash and cash equivalents at end of financial year** | 21 | 118,458 | 167,676 |

# consolidated statement of cash flows
for the financial year ended 31 March 2008

(In Singapore dollars)

**Notes to the Statement of Cash Flows**

(a) **Operating profit before reinvestment of working capital**

Reconciliation between profit before taxation and operating profit before reinvestment in working capital :

| | 2008 $'000 | 2007 $'000 |
|---|---|---|
| Profit before taxation | 86,482 | 81,701 |
| Adjustments for : | | |
| Gain from fair value adjustments on investment properties | (14,941) | (2,901) |
| Interest expense | 11,232 | 6,123 |
| Depreciation of property, plant and equipment | 2,588 | 7,048 |
| Share of results of associates | (27,201) | (6,355) |
| Interest and investment income | (37,175) | (31,694) |
| Profit on disposal of property, plant and equipment | (266) | (160) |
| Profit on disposal of shares of Shui-On Land Ltd | – | (29,078) |
| Inventories written down | 2,281 | 1,970 |
| Provision for doubtful debts | 507 | 353 |
| Property, plant and equipment written off | 42 | 11 |
| Negative goodwill arising on acquisition of jointly controlled entity | – | (160) |
| Write-back of obsolete inventory | (143) | (319) |
| Changes in fair value of short term investments | 8,769 | (803) |
| Foreign exchange adjustments | (639) | 8,486 |
| Operating profit before reinvestment in working capital | 31,536 | 34,222 |

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# notes to the financial statements

31 March 2008

(In Singapore dollars)

## 1. Corporate information

Metro Holdings Limited (the "Company") is a limited liability company, which is incorporated in Singapore and publicly traded on the Singapore Exchange.

The registered office and principal place of business of the Company is located at 391A Orchard Road, #19-00, Tower A, Ngee Ann City, Singapore 238873.

The principal activities of the Company are those 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.

## 2. Summary of significant accounting policies

### 2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or $) and all values are rounded to the nearest thousand ($'000) except where otherwise indicated.

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

### 2.2 Changes in accounting policies

On 1 April 2007, the Group adopted FRS 40 Investment Property which is effective for annual periods beginning on or after 1 January 2007.

As a result of adopting FRS 40, investment properties are measured at fair value and gains or losses arising from changes in the fair value of investment properties are included in the income statement in the year in which they arise. On adoption of FRS 40, certain properties under property, plant and equipment have also been reclassified to investment properties and revalued accordingly. The change in accounting policy resulted in a credit to opening revenue reserve of $64,524,000. At the same time, under the transitional provision of FRS 40, the revaluation reserve of $136,011,000 has been reclassified to the Group's revenue reserve at 1 April 2007. The comparatives have not been restated.

The adoption of FRS 40 has resulted in an increase in the Group's profit net of tax for the year ended 31 March 2008 by $11,242,000. This arises from net gain from fair value adjustment of investment properties of $14,941,000 and deferred tax liabilities of $3,699,000 recognised in 'Income tax expense'. The adoption of FRS 40 resulted in an increase in the Group's basic and diluted earnings per share for the financial year ended 31 March 2008 by 1.78 cents and 1.78 cents respectively.

# notes to the financial statements
31 March 2008

## 2. Summary of significant accounting policies (continued)

### 2.3 Future changes in accounting policies

The Group and the Company have not adopted the following FRS and INT FRS that have been issued but not yet effective:

| Reference | Description | Effective for annual periods beginning on or after |
|---|---|---|
| FRS 1 | Presentation of Financial Statements – Revised presentation | 1 January 2009 |
| FRS 23 | Amendment to FRS 23, Borrowing Costs | 1 January 2009 |
| FRS 108 | Operating Segments | 1 January 2009 |
| INT FRS 111 | Group and Treasury Share Transactions | 1 March 2007 |
| INT FRS 112 | Service Concession Arrangements | 1 January 2008 |
| INT FRS 113 | Customer Loyalty Programmes | 1 July 2008 |
| INT FRS 114 | FRS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction | 1 January 2008 |

The directors expect that the adoption of the above pronouncements will have no material impact to the financial statements in the period of initial application, except for FRS 1, FRS 23 and FRS 108 as indicated below.

*FRS 1 Presentation of Financial Statements – Revised presentation*

The revised FRS 1 – Presentation of Financial Statements requires the separation of owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income: it presents all items of income and expense, either in one single statement, or in two linked statements. The Group is still evaluating whether it will have one or two statements. The Group will apply the revised FRS 1 from annual period beginning 1 April 2009.

*FRS 23 Amendment to FRS 23, Borrowing Costs*

FRS 23 Borrowing costs has been revised to require capitalisation of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. In accordance with the transitional requirements in the Standard, the Group will adopt this as a prospective change. Accordingly, borrowing costs will be capitalised on qualifying assets with a commencement date after 1 April 2009. No changes will be made for borrowing costs incurred to this date that have been expensed.

*FRS 108 Operating Segments*

FRS 108 requires entities to disclose segment information based on the information reviewed by the entity's chief operating decision maker. The impact of this standard on the other segment disclosures is still to be determined. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented in the year ending 31 March 2009.

# notes to the financial statements
31 March 2008

## 2. Summary of significant accounting policies (continued)

### 2.4 Foreign currency

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and jointly controlled entities companies and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the income statement except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiaries, which are recognised initially in a separate component of equity as foreign currency translation reserve in the consolidated balance sheet and recognised in the consolidated income statement on disposal of the subsidiary.

The assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the balance sheet date and their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity as foreign currency translation reserve. On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

### 2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the balance sheet. The accounting policy for goodwill is set out in Note 2.9. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in the income statement on the date of acquisition.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

# notes to the financial statements

31 March 2008

## 2. Summary of significant accounting policies (continued)

### 2.6 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

Details of the Group's subsidiaries are shown in Note 34.

### 2.7 Jointly controlled entities

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The Group recognises its interest in joint venture using proportionate consolidation. The Group combines its share of each of the assets, liabilities, income and expenses of the joint venture with the similar items, line by line, in its consolidated financial statements. The joint venture is proportionately consolidated from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint venture.

The financial statements of the joint venture are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies into line with those of the Group.

Details of the Group's jointly controlled entities are shown in Note 34.

### 2.8 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associate is measured in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is deducted from the carrying amount of the investment and is recognised as income as part of the Group's share of profit or loss of the associate in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The financial statements of the associate are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies into line with those of the Group.

Details of the Group's associates are shown in Note 34.

# notes to the financial statements
31 March 2008

## 2. Summary of significant accounting policies (continued)

### 2.9 Business combination and goodwill

Acquisitions of subsidiaries are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in the income statement on the date of acquisition.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated are tested for impairment annually and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date.

# notes to the financial statements
31 March 2008

## 2. Summary of significant accounting policies (continued)

### 2.9 Business combination and goodwill (continued)

Goodwill and fair value adjustments which arose on acquisitions of foreign subsidiaries before 1 January 2005 are deemed to be assets and liabilities of the parent company and are recorded in SGD at the rates prevailing at the date of acquisition.

The Group does not reverse in a subsequent period, any impairment loss recognised for goodwill.

### 2.10 Transactions with minority interests

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity. Transactions with minority interests are accounted for using the entity concept method, whereby, transactions with minority interests are accounted for as transactions with equity holders. On acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is reflected as being a transaction between owners and recognised directly in equity. Gain or loss on disposal to minority interests is recognised directly in equity.

### 2.11 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are stated at cost or valuation less accumulated depreciation and accumulated impairment losses. Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses after the date of revaluation. Valuations are made every three years to ensure that their carrying amount does not differ materially from their fair value at the balance sheet date.

Any revaluation surplus is credited directly to the revaluation reserve in equity except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement. A revaluation deficit is recognised in the income statement, except to the extent that it offsets an existing surplus on the same asset carried in the revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The whole of the revaluation surplus included in the revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not depreciated. Land held on 999-year lease is regarded as equivalent to freehold and is included in freehold land and buildings under property, plant and equipment. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

| | |
|---|---|
| Freehold buildings | – 50 years |
| Motor vehicles | – 5 years |
| Plant, equipment, furniture and fittings | – 3 to 10 years |

# notes to the financial statements
31 March 2008

## 2. Summary of significant accounting policies (continued)

### 2.11 Property, plant and equipment (continued)

Assets under construction included in plant and equipment are not depreciated as these assets are not available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the income statement in the year the asset is derecognised.

### 2.12 Investment properties

Investment properties are initially recorded at cost. Subsequent to recognition, investment properties are measured at fair value and gains or losses arising from changes in the fair value of investment properties are included in the income statement in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.11 up to the date of change in use.

### 2.13 Inventories

Inventories are stated at the lower of cost and net realisable value.

For retail inventories, 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 a first-in-first-out basis.

For all other inventories, 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.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale. 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 2008

## 2. Summary of significant accounting policies (continued)

### 2.14 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in the income statement except for assets that are previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the income statement unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

### 2.15 Financial assets

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in the income statement.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

# notes to the financial statements
31 March 2008

## 2. Summary of significant accounting policies (continued)

### 2.15 Financial assets (continued)

(a) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets classified as held-for-trading. Financial assets classified as held-for-trading are derivatives (including separated embedded derivatives) or are acquired principally for the purpose of selling or repurchasing it in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in the income statement. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences.

(b) *Loans and receivables*

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in income statement when the loans and receivables are derecognised or impaired, and through the amortisation process.

(c) *Available-for-sale financial assets*

Available-for-sale financial assets are financial assets that are not classified in any of the other categories. After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of available-for-sale financial assets are taken to equity. Impairment losses, foreign exchange gains and losses from revaluation of monetary items and interest calculated using the effective interest method are recognised in the income statement. The cumulative gain or loss previously recognised in equity is recognised in the income statement when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured, are measured at cost less impairment loss.

### 2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

# notes to the financial statements
31 March 2008

## 2. Summary of significant accounting policies (continued)

### 2.17 Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired.

(a) *Assets carried at amortised cost*

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the income statement.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the income statement.

(b) *Assets carried at cost*

If there is objective evidence that an impairment loss on a financial asset carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) *Available-for-sale financial assets*

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the income statement. Reversals of impairment losses in respect of equity instruments are not recognised in the income statement. Reversals of impairment losses on debt instruments are recognised in the income statement if the increase in fair value of the debt instrument can be objectively related to an event occurring after the impairment loss was recognised in the income statement.

# notes to the financial statements
31 March 2008

## 2. Summary of significant accounting policies (continued)

### 2.18 Financial liabilities

Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value.

A financial liability is derecognised when the obligation under the liability is extinguished. For financial liabilities other than derivatives, gains and losses are recognised in the income statement when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in the income statement. Net gains or losses on derivatives include exchange differences.

### 2.19 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) where, 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. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### 2.20 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(a) *Sale of goods*

Revenue from the sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to customers which generally coincides with their delivery and acceptance. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) *Rental income*

Rental income from properties is accounted for on a straight-line basis over the lease terms. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

# notes to the financial statements
31 March 2008

## 2. Summary of significant accounting policies (continued)

### 2.20 Revenue recognition (continued)

(c) *Fee and service income*

Fee and service income are recognised as revenue on an accrual basis upon services rendered on a straight-line basis over the service period.

(d) *Dividend income*

Dividend income is recognised when the Group's right to receive payment has been established.

(e) *Interest income*

Interest income is recognised as interest accrues using the effective interest method.

### 2.21 Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantees are recognised initially at fair value. Subsequent to initial recognition, financial guarantees are recognised as income in the income statement over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to the income statement.

### 2.22 Borrowing costs

Borrowing costs are recognised in the income statement as incurred except to the extent that they are capitalised. 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 for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are ready for their intended use or sale.

### 2.23 Employee benefits

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to balance sheet date.

# notes to the financial statements
31 March 2008

## 2. Summary of significant accounting policies (continued)

### 2.23 Employee benefits (continued)

(c) *Long-service benefits*

Employee entitlement to long-service gratuities are recognised as a liability when they accrue to the employees upon the fulfilment of service conditions. The estimated liability for gratuities is recognised for services rendered by the employees up to the balance sheet date.

### 2.24 Income taxes

(a) *Current tax*

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current taxes are recognised in the income statement except that tax relating to items recognised directly in equity is recognised directly in equity.

(b) *Deferred tax*

Deferred income tax is provided, using the liability method on 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 temporary differences, except:

– Where the deferred tax 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; and

– In respect of temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future; and

– In respect of deductible temporary differences and carry-forward of unused tax credits and unused tax losses, if it is not probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

# notes to the financial statements
31 March 2008

## 2. Summary of significant accounting policies (continued)

### 2.24 Income taxes (continued)

(b) *Deferred tax (continued)*

Deferred taxes are recognised in the income statement except that deferred tax relating to items recognised directly in equity is recognised directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

### 2.25 Leases

(a) *As lessee*

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) *As lessor*

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income (Note 2.20).

### 2.26 Segment reporting

A business segment is a distinguishable component of the Group that is engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

### 2.27 Share capital and share issue expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

# notes to the financial statements
31 March 2008

## 2. Summary of significant accounting policies (continued)

### 2.28 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group.

## 3. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

### 3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

(a) *Operating lease commitments – As lessor*

The Group has entered into commercial property leases on its property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

(b) *Determination of functional currency*

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

(c) *Income taxes*

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 March 2008, the carrying amount of the Group's current and deferred tax provisions was $79,199,000 (2007: $62,690,000) and the carrying amount of the Group's tax recoverable was $1,426,000 (2007: $1,332,000).

# notes to the financial statements
31 March 2008

## 3. Significant accounting judgements and estimates (continued)

### 3.1 Judgements made in applying accounting policies (continued)

(d) *Valuation of investments*

Management exercises judgement in determining the risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors used in the valuation process. Also, judgement may be applied in estimating prices for less readily observable external parameters. Other factors such as model assumptions can also materially affect these estimates and the resulting fair value estimates.

(e) *Impairment of available-for-sale financial assets*

The Group classifies certain assets as available-for-sale financial assets and recognises changes in their fair value in equity. When the fair value declines, management exercises judgement based on the observable data relating to the possible events that may have caused the decline in value to determine whether the decline in value is an impairment that should be recognised in the income statement.

### 3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) *Impairment of subsidiaries*

The Company determines whether its investment in subsidiaries and amounts due from subsidiaries are impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash generating units ("CGU") to which the investment in subsidiaries and amounts due from subsidiaries are allocated. The value-in-use calculations requires management to estimate the expected future cash flows from the CGU and also choose a suitable discount rate to calculate the present value of those cash flows. The carrying amount of investment in subsidiaries and amounts due from subsidiaries as at 31 March 2008 was $565,680,000 (2007 : $420,641,000).

(b) *Impairment of loans and receivables*

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the balance sheet date is disclosed in Note 20 to the financial statements.

# notes to the financial statements
31 March 2008

## 4. Revenue

Revenue of the Group represents invoiced trading sales, including concessionaire sales and services (after allowance for goods returned and trade discounts) and rental income. It excludes dividends, interest income and intra-group transactions.

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

| | Group | |
|---|---|---|
| | **2008** | **2007** |
| | **$'000** | **$'000** |
| Retail | 176,384 | 179,457 |
| Property | 48,025 | 34,711 |
| | 224,409 | 214,168 |
| Comprises : | | |
| Sales of goods (including concessionaire sales) | 176,384 | 179,457 |
| Rental income and related service income | 48,023 | 34,369 |
| Provision of services | 2 | 342 |
| | 224,409 | 214,168 |

Rental income includes contingent rents recognised for the year ended 31 March 2008 of $923,000 (2007: $765,000).

## 5. Cost of revenue

| | Group | |
|---|---|---|
| | **2008** | **2007** |
| | **$'000** | **$'000** |
| Retail | 167,432 | 170,791 |
| Property | 9,567 | 10,662 |
| | 176,999 | 181,453 |

# notes to the financial statements
31 March 2008

## 6. Other income including interest income

| | Group | |
|---|---|---|
| | 2008 | 2007 |
| | $'000 | $'000 |
| Interest income from: | | |
| - Loans and receivables | 27,792 | 18,639 |
| Dividends, gross from: | | |
| - Available-for-sale financial assets | 6,561 | 9,680 |
| - Held-for-trading investments | 2,822 | 3,375 |
| | 9,383 | 13,055 |
| Net gain on disposal of held-for-trading investments | 276 | 322 |
| Net fair value (losses)/gains on held-for-trading investments | (8,769) | 803 |
| Advisory fees from third party | 2,499 | 4,180 |
| Trademark fees from third party | 1,342 | 866 |
| Management fee income from associates | 1,715 | 966 |
| Foreign exchange gain | 1,769 | 2,090 |
| Profit on disposal of property, plant and equipment | 266 | 160 |
| Other rental income | 2,670 | 3,017 |
| Sundry income | 2,885 | 1,301 |
| | 41,828 | 45,399 |

## 7. Profit from operating activities

Profit from operating activities is stated after charging/(crediting) :

| | Group | |
|---|---|---|
| | 2008 | 2007 |
| | $'000 | $'000 |
| Salaries, bonuses and other related costs | 30,899 | 26,417 |
| Contributions to CPF and other defined contribution schemes | 1,825 | 1,769 |
| Provision for long-service benefits | 1,722 | 252 |
| Gratuity paid to former Chairman | 1,693 | – |
| Staff costs (including Directors' emoluments) | 36,139 | 28,438 |

# notes to the financial statements

31 March 2008

## 7. Profit from operating activities (continued)

Profit from operating activities is stated after charging/(crediting) (continued):

| | Group | |
|---|---|---|
| | **2008** | **2007** |
| | **$'000** | **$'000** |
| Foreign exchange (gain)/loss | | |
| Included in other income | (1,769) | (2,090) |
| Included in general and administrative expenses | 608 | 7,213 |
| Foreign exchange (gain)/loss, net | (1,161) | 5,123 |
| Depreciation of property, plant and equipment | 2,588 | 7,048 |
| Non-audit fees paid to auditors of the Company | 167 | 99 |
| Write-back of obsolete inventory (Note 19) | (143) | (319) |
| Provision for doubtful debts, net | 507 | 353 |
| Property, plant and equipment written off | 42 | 11 |
| Rental expense | 17,513 | 20,501 |
| Negative goodwill arising on acquisition of jointly controlled entity | – | (160) |
| Retrenchment benefits | 1,524 | – |
| Inventories written down (Note 19) | 2,281 | 1,970 |

Staff costs includes directors' emoluments as follows:

| | | |
|---|---|---|
| Directors' emoluments - | | |
| Directors of the Company | | |
| - Other emoluments | 11,011 | 5,963 |
| - Fees payable | 379 | 315 |
| - Professional fees paid and payable to companies in which a Director has an interest | 181 | – |
| Directors of subsidiaries | 1,261 | 1,155 |
| | 12,832 | 7,433 |

Rental expense includes total contingent rents recognised as an expense for the year ended 31 March 2008 of $98,000 (2007: $10,000).

# notes to the financial statements
31 March 2008

## 8. Finance costs

| | Group 2008 $'000 | Group 2007 $'000 |
|---|---|---|
| Interest expense: | | |
| - From financial liabilities measured at amortised cost | | |
| - Bank loans | 11,232 | 6,096 |
| - Others | – | 27 |
| | 11,232 | 6,123 |

## 9. Exceptional items

| | Group 2008 $'000 | Group 2007 $'000 |
|---|---|---|
| Gain on disposal of Shui-On Land Ltd shares | – | 29,078 |

## 10. Taxation

(a) ***Major components of income tax expense***

The major components of income tax expense for the years ended 31 March 2008 and 2007 are :

(i) *Income statement*

| | Group 2008 $'000 | Group 2007 $'000 |
|---|---|---|
| Provision for taxation : | | |
| Current taxation | | |
| - Current income taxation | 11,344 | 9,380 |
| - Overprovision in respect of prior financial years | (63) | (79) |
| | 11,281 | 9,301 |
| Deferred taxation | | |
| - Origination and reversal of temporary differences | 7,673 | 1,707 |
| - Underprovision in respect of prior financial years | 783 | 303 |
| - Effect of changes in tax rates | – | (1,266) |
| | 8,456 | 744 |
| Withholding tax | 462 | 741 |
| Income tax expense recognised in the income statement | 20,199 | 10,786 |

# notes to the financial statements

31 March 2008

## 10. Taxation (continued)

(a) ***Major components of income tax expense (continued)***

(ii) *Statements of changes in equity*

| | Group | | Company | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| | $'000 | $'000 | $'000 | $'000 |
| *Deferred income tax related to items charged or credited directly to equity* | | | | |
| - Net surplus on revaluation of investment properties | – | 18,246 | – | – |
| - Share of associate's net surplus on revaluation of land and buildings | – | 9,444 | – | – |
| - Deferred tax on revaluation of property, plant and equipment | 26 | – | 26 | – |
| - Effect of changes in tax rates | – | (6,688) | – | (16) |
| Income tax expense reported in equity | 26 | 21,002 | 26 | (16) |

(b) ***Relationship between tax expense and accounting profit***

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 | |
|---|---|---|
| | 2008 | 2007 |
| | $'000 | $'000 |
| Profit before taxation | 86,482 | 81,701 |
| Taxation calculated at Singapore statutory income tax rate of 18% (2007 : 18%) | 15,567 | 14,706 |
| Expenses not deductible for tax purposes | 7,581 | 3,682 |
| Difference arising from tax rates applicable to foreign entities | 115 | (356) |
| Income not subject to tax | (2,589) | (6,778) |
| Utilisation of previously unrecognised tax assets | (100) | (156) |
| Deferred tax assets not recognised | 1,496 | 1,226 |
| Underprovision in respect of prior financial years | 720 | 224 |
| Share of results of associates | (2,730) | (951) |
| Withholding tax | 462 | 741 |
| Effect of tax relief | (337) | (256) |
| Effect of changes in tax rates | – | (1,266) |
| Others | 14 | (30) |
| Taxation recognised in the income statement | 20,199 | 10,786 |

The above reconciliation is prepared by aggregating separate reconciliation for each national jurisdiction.

# notes to the financial statements
31 March 2008

## 10. Taxation (continued)

(c) ***Deferred income tax***

| | Group | | Company | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| | $'000 | $'000 | $'000 | $'000 |
| Balance at beginning of financial year | 52,020 | 30,708 | 479 | 643 |
| Effect of adopting FRS 40 | 5,431 | – | – | – |
| As restated | 57,451 | 30,708 | 479 | 643 |
| Exchange adjustments | (231) | (434) | – | (7) |
| Effect of changes in tax rates | | | | |
| - As recognised in profit and loss account | – | (1,266) | – | – |
| - As recognised in equity | – | (6,688) | – | (16) |
| Charge/(reversal) to income statement | 8,456 | 2,010 | (81) | (141) |
| Charge to revaluation reserve | 26 | 27,690 | 26 | – |
| Balance at end of financial year | 65,702 | 52,020 | 424 | 479 |

The Group's share of jointly controlled entities' deferred tax liability balances amounted to $54,220,000 (2007 : $42,885,000) (Note 29).

Deferred income tax as at 31 March relates to the following :

| | Consolidated balance sheet | | Consolidated income statement | | Company balance sheet | |
|---|---|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| *Deferred tax liabilities* | | | | | | |
| Differences in depreciation | 16,116 | 13,855 | 1,722 | (191) | 170 | 144 |
| Fair value changes | 1,612 | 1,557 | 55 | 466 | – | – |
| Revaluation surplus on | | | | | | |
| - Investment properties | 48,175 | 13,478 | 3,699 | 1,643 | – | – |
| - Other lands and buildings | – | 25,945 | – | – | – | – |
| Unremitted foreign sourced income | 1,953 | 829 | 1,638 | 92 | 254 | 335 |
| Effect of changes in tax rates | – | – | – | (1,266) | – | – |
| | 67,856 | 55,664 | | | 424 | 479 |
| *Deferred tax assets* | | | | | | |
| Deferred income and other deferred tax assets | (2,154) | (3,644) | 1,342 | – | – | – |
| | 65,702 | 52,020 | | | 424 | 479 |
| **Deferred income tax expense** | | | 8,456 | 744 | | |

# notes to the financial statements
31 March 2008

## 10. Taxation (continued)

*Unrecognised tax losses*

As at 31 March 2008, there were estimated tax losses and unabsorbed capital allowances amounting to $27,895,000 and $88,000 (2007 : $26,754,000 and $647,000) respectively, available for offset against future taxable profits of certain subsidiaries. No deferred tax asset is recognised due to the uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

*Tax consequences of proposed dividends*

There are no income tax consequences (2007: nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements.

*Temporary differences relating to investments in subsidiaries, jointly controlled entities and associates*

As at the balance sheet date, the Group has recognised deferred tax liability of $868,000 for taxes that would be payable on the undistributable earnings of certain of the Group's subsidiaries, jointly controlled entities and associates.

## 11. Earnings per share

Basic earnings per share amounts are calculated by dividing the profit from continuing operations attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated using the same basis as the basic earnings per share as there are no potentially dilutive shares for the current and previous financial year.

The following table reflects the income statement and share data used in the computation of basic and diluted earnings per share from continuing operations for the years ended 31 March:

| | Group | |
|---|---|---|
| | **2008** | **2007** |
| | **$'000** | **$'000** |
| Profit for the year attributable to ordinary equity holders of the Company | 65,968 | 68,683 |
| | **'000** | **'000** |
| Weighted average number of ordinary shares for basic and diluted earnings per share computation | 630,777 | 630,777 |

There have been no transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

# notes to the financial statements
31 March 2008

## 12. Property, plant and equipment

| Group | Freehold land $'000 | Freehold buildings $'000 | Leasehold land and buildings $'000 | Plant, equipment, furniture and fittings $'000 | Motor vehicles $'000 | Construction-in-progress $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|
| At 1 April 2006 | | | | | | | |
| Cost | – | – | – | 27,550 | 1,896 | 849 | 30,295 |
| Valuation | 2,500 | 800 | 109,568 | – | – | – | 112,868 |
| | 2,500 | 800 | 109,568 | 27,550 | 1,896 | 849 | 143,163 |
| Exchange adjustments | – | – | (3,254) | (30) | – | – | (3,284) |
| Acquisition of jointly controlled entity | – | – | 65,727 | – | – | 37,453 | 103,180 |
| Additions | – | – | 567 | 3,441 | 558 | 45,593 | 50,159 |
| Disposals/write-offs | – | – | (864) | (7,952) | (697) | – | (9,513) |
| Reclassification | – | – | 4,527 | – | – | (4,527) | – |
| Reclassification to investment properties (Note 13) | – | – | (65,727) | – | – | (79,368) | (145,095) |
| At 31 March 2007 and 1 April 2007 | | | | | | | |
| Cost | – | – | – | 23,009 | 1,757 | – | 24,766 |
| Valuation | 2,500 | 800 | 110,544 | – | – | – | 113,844 |
| | 2,500 | 800 | 110,544 | 23,009 | 1,757 | – | 138,610 |
| Effect of adopting FRS 40 - reclassification to investment properties (Note 13) | – | – | (106,314) | – | – | – | (106,314) |
| As restated | 2,500 | 800 | 4,230 | 23,009 | 1,757 | – | 32,296 |
| Exchange adjustments | – | – | 3 | 5 | – | – | 8 |
| Additions | – | – | – | 1,301 | 568 | – | 1,869 |
| Disposals/write-offs | – | – | – | (2,599) | (556) | – | (3,155) |
| Revaluation surplus | 4,060 | 140 | – | – | – | – | 4,200 |
| Reclassification to investment properties (Note 13) | – | – | (3,918) | – | – | – | (3,918) |
| At 31 March 2008 | | | | | | | |
| Cost | – | – | – | 21,716 | 1,769 | – | 23,485 |
| Valuation | 6,560 | 940 | 315 | – | – | – | 7,815 |
| | 6,560 | 940 | 315 | 21,716 | 1,769 | – | 31,300 |

# notes to the financial statements

31 March 2008

## 12. Property, plant and equipment (continued)

| Group | Freehold land $'000 | Freehold buildings $'000 | Leasehold land and buildings $'000 | Plant, equipment, furniture and fittings $'000 | Motor vehicles $'000 | Construction-in-progress $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|
| Accumulated depreciation | | | | | | | |
| At 1 April 2006 | – | 36 | 4,598 | 24,585 | 982 | – | 30,201 |
| Exchange adjustments | – | – | (173) | (11) | – | – | (184) |
| Charge for 2007 | – | 37 | 4,497 | 2,168 | 346 | – | 7,048 |
| Disposals/write-offs | – | – | – | (7,930) | (505) | – | (8,435) |
| At 31 March 2007 and 1 April 2007 | – | 73 | 8,922 | 18,812 | 823 | – | 28,630 |
| Effect of adopting FRS 40 - reclassification to investment properties (Note 13) | – | – | (8,922) | – | – | – | (8,922) |
| As restated | – | 73 | – | 18,812 | 823 | – | 19,708 |
| Charge for 2008 | – | 36 | 6 | 2,233 | 313 | – | 2,588 |
| Disposals/write-offs | – | – | – | (2,358) | (403) | – | (2,761) |
| Elimination of accumulated depreciation on revaluation | – | (109) | – | – | – | – | (109) |
| At 31 March 2008 | – | – | 6 | 18,687 | 733 | – | 19,426 |
| Net book value | | | | | | | |
| At 31 March 2008 | 6,560 | 940 | 309 | 3,029 | 1,036 | – | 11,874 |
| At 31 March 2007 | 2,500 | 727 | 101,622 | 4,197 | 934 | – | 109,980 |

# notes to the financial statements
31 March 2008

## 12. Property, plant and equipment (continued)

| Company | Freehold land $'000 | Freehold building $'000 | Plant, equipment, furniture and fittings $'000 | Motor vehicles $'000 | Total $'000 |
|---|---|---|---|---|---|
| Cost and valuation | | | | | |
| At 1 April 2006 | | | | | |
| Cost | – | – | 2,232 | 631 | 2,863 |
| Valuation | 2,500 | 800 | – | – | 3,300 |
| | 2,500 | 800 | 2,232 | 631 | 6,163 |
| Additions | – | – | 1,246 | 256 | 1,502 |
| Disposals | – | – | (1,643) | (372) | (2,015) |
| At 31 March 2007 and 1 April 2007 | | | | | |
| Cost | – | – | 1,835 | 515 | 2,350 |
| Valuation | 2,500 | 800 | – | – | 3,300 |
| | 2,500 | 800 | 1,835 | 515 | 5,650 |
| Additions | – | – | 132 | 568 | 700 |
| Disposals | – | – | (168) | – | (168) |
| Revaluation surplus | 4,060 | 140 | – | – | 4,200 |
| At 31 March 2008 | | | | | |
| Cost | – | – | 1,799 | 1,083 | 2,882 |
| Valuation | 6,560 | 940 | – | – | 7,500 |
| | 6,560 | 940 | 1,799 | 1,083 | 10,382 |
| Accumulated depreciation | | | | | |
| At 1 April 2006 | – | 36 | 2,135 | 256 | 2,427 |
| Charge for 2007 | – | 37 | 166 | 121 | 324 |
| Disposals | – | – | (1,636) | (265) | (1,901) |
| At 31 March 2007 and 1 April 2007 | – | 73 | 665 | 112 | 850 |
| Charge for 2008 | – | 36 | 411 | 198 | 645 |
| Disposals | – | – | (166) | – | (166) |
| Elimination of accumulated depreciation on revaluation | – | (109) | – | – | (109) |
| At 31 March 2008 | – | – | 910 | 310 | 1,220 |
| Net book value | | | | | |
| At 31 March 2008 | 6,560 | 940 | 889 | 773 | 9,162 |
| At 31 March 2007 | 2,500 | 727 | 1,170 | 403 | 4,800 |

# notes to the financial statements
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## 12. Property, plant and equipment (continued)

***Revaluation of freehold and leasehold land and buildings***

Freehold land and buildings have been revalued at the balance sheet date based on valuations performed by accredited independent valuers. The valuations are based on references to open market value on an existing use basis.

If the Group's land and buildings were measured at cost less depreciation and impairment losses, the carrying amounts would be as follows :

| | Group | | Company | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| | $'000 | $'000 | $'000 | $'000 |
| *Freehold land* | | | | |
| Cost and net carrying amount | 1,231 | 1,231 | 1,231 | 1,231 |
| *Freehold buildings* | | | | |
| Cost | 637 | 637 | 637 | 637 |
| Accumulated depreciation | 395 | 382 | 395 | 382 |
| Net carrying amount | 242 | 255 | 242 | 255 |
| *Leasehold land and buildings* | | | | |
| Cost | 315 | 75,018 | – | – |
| Accumulated depreciation | 6 | 25,923 | – | – |
| Net carrying amount | 309 | 49,095 | – | – |

***Share of property, plant and equipment in jointly controlled entities***

As at 31 March 2008, the Group's share of property, plant and equipment in jointly controlled entities amounted to $842,000 (2007 : $98,721,000) (Note 29).

***Transfer to investment properties***

On adoption of FRS 40 on 1 April 2007, leasehold properties with a carrying amount of $97,392,000 were reclassified to investment properties as they qualified for recognition as investment properties (Note 13).

During the year, the Group transferred its leasehold properties with a carrying amount of $3,918,000 (2007 : nil) (Note 13) that were held as owner-occupied properties to investment properties following the change of use to being held for rental income and capital appreciation purposes.

In the previous financial year, the Group's leasehold land and construction-in-progress amounting to $65,727,000 and $79,368,000 respectively were reclassified to investment properties following the completion of the construction and development of the said property (Note 13).

# notes to the financial statements
31 March 2008

## 13. Investment properties

| | Group 2008 $'000 | 2007 $'000 |
|---|---|---|
| Balance at beginning of financial year | 356,759 | 88,003 |
| Effect of adopting FRS 40 | | |
| - Reclassification from property, plant and equipment (Note 12) | 97,392 | – |
| - Revaluation of investment property | 21,618 | – |
| - As restated | 475,769 | 88,003 |
| Reclassification from property held for sale | – | 53,568 |
| Reclassification from property, plant and equipment (Note 12) | 3,918 | 145,095 |
| Additions (subsequent expenditure) | 1,511 | – |
| Exchange adjustments | 2,429 | (6,832) |
| Net gains from fair value adjustments recognised in: | | |
| - Income statement | 14,941 | 2,901 |
| - Revaluation reserve | – | 74,024 |
| Balance at end of financial year | 498,568 | 356,759 |
| Income statement: | | |
| Rental income from investment properties | 48,023 | 14,706 |
| Direct operating expenses (including repairs and maintenance) arising from rental generating properties | (11,044) | (4,512) |

# notes to the financial statements
31 March 2008

## 13. Investment properties (continued)

The Group's investment properties as at 31 March 2008 are as follows :

| Name of building | Description | Tenure of land | Fair value 2008 $'000 | Fair value 2007 $'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 (36 years remaining) | 91,723 | 88,357 |
| Metro Tower, Shanghai | 60% of a 26-storey office tower, along Tianyaoqiao Road, Xuhui District, Shanghai | 50 years' lease from 22 February 1993 (35 years remaining) | 104,016 | 98,666 |
| Metro City, Shanghai | 60% of a 9-storey entertainment centre along ZhaoJia Bang Road, Xuhui District, Shanghai | 36 years' lease from 13 April 1993 (21 years remaining) | 125,292 | – |
| Metro City, Beijing | 50% of a 5-storey 2 basement retail mall along south-western corner of Da Jiao Ting Bridge East 4th Ring Road, Chao Yang District, Beijing | 40 years' lease from 6 August 2004 (36 years remaining) | 172,769 | 169,736 |
| Lakeville Regency, Shanghai | Flat No. 2702, No. 5 The Lakeville Regency, Lane 168, ShunChang Road Luwan District, Shanghai | 64 years' lease from 20 April 2007 (63 years remaining) | 4,413 | – |
| Fu Yuan Hui, Shanghai | 60% of Flat No. 2302, Foundation Garden No. 1 Lane 168, Nandan East Road, Xuhui District, Shanghai | 70 years' lease from 12 June 2001 (63 years remaining) | 355 | – |
| | | | 498,568 | 356,759 |

***Valuation of investment properties***

Investment properties are stated at fair value, which have been determined based on valuations at the balance sheet date. Valuations are performed by accredited independent valuers with recent experience in the location and category of the properties being valued. The valuations are based on either the direct comparison method or the income method, depending on the nature of the property.

***Properties pledged as security***

Investment properties amounting to $172,769,000 (2007 : $268,402,000) are pledged as security for bank loans (Note 22(d)).

***Share of investment properties in jointly controlled entities***

As at 31 March 2008, the Group's share of investment properties in jointly controlled entities amounted to $402,432,000 (2007: $268,402,000) (Note 29).

# notes to the financial statements
31 March 2008

## 13. Investment properties (continued)

***Restrictions on investment property***

As at the balance sheet date, an investment property amounting to $125,292,000 is subject to restrictions on the lease, pledge and transfer of title in accordance with the prevailing laws in the People's Republic of China.

***Transfer from property, plant and equipment***

On adoption of FRS 40 on 1 April 2007, leasehold properties with a carrying amount of $97,392,000 were reclassified from property, plant and equipment to investment properties as they qualified for recognition as investment properties (Note 12).

During the year, the Group transferred its leasehold property with a carrying amount of $3,918,000 (2007 : nil) (Note 12) that was held as owner-occupied property to investment property following the change of use to being held for rental income and capital appreciation purposes.

In the previous financial year, the Group's leasehold land and construction-in-progress amounting to $65,727,000 and $79,368,000 respectively were reclassified to investment properties following the completion of the construction and development of the said property (Note 12).

## 14. Subsidiaries

| | Company | |
|---|---|---|
| | **2008** | **2007** |
| | **$'000** | **$'000** |
| Unquoted equity shares, at cost | 21,828 | 21,828 |
| Impairment losses | (4,654) | (4,654) |
| Carrying amount of investments | 17,174 | 17,174 |

Details of subsidiaries are shown in Note 34.

## 15. Amounts due from subsidiaries

| | Company | |
|---|---|---|
| | **2008** | **2007** |
| | **$'000** | **$'000** |
| Amounts due from subsidiaries (Note 20) | 562,132 | 423,943 |
| Impairment losses | (31,229) | (47,692) |
| | 530,903 | 376,251 |

Movement in impairment loss is as follows :

| | | |
|---|---|---|
| Balance at beginning of financial year | 47,692 | 49,188 |
| Write-back of provision | (16,463) | (1,496) |
| Balance at end of financial year | 31,229 | 47,692 |

# notes to the financial statements
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## 15. Amounts due from subsidiaries (continued)

Amounts due from subsidiaries are non-trade related, unsecured, have no fixed terms of repayment and are interest free, except for an amount of $351,009,000 (2007 : $100,376,000) which bears interest ranging from 2.344% to 7.752% (2007 : 4.46% to 7.35%) per annum. These are considered quasi-equity in nature and are expected to be settled in cash.

An impairment loss of $16,463,000 was written back to the profit and loss, subsequent to an impairment assessment performed on investments in subsidiaries and amounts due from subsidiaries as at 31 March 2008.

The investment in subsidiaries and amounts due from subsidiaries have been allocated to the respective cash-generating unit ("CGU") for the purpose of the impairment assessment.

The cash flow projections represent the income net of related costs which the Group will earn based on past experience and expectations for the companies in general, for a period of 5 years. A pre-tax discount rate of 9% per annum is applied to the cash flow projections. The discount rate reflects management's estimate of the risks specific to the CGUs. In determining the appropriate discount rate, regard has been given to the prevailing interest rates on borrowings in similar economic environments as the subsidiaries. The Group believes that any reasonably possible changes in the above key assumptions are not likely to materially cause the recoverable amount to be lower than its carrying amount.

## 16. Associates

| | Group | | Company | |
|---|---|---|---|---|
| | **2008** | **2007** | **2008** | **2007** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Unquoted equity shares, at cost | 7,280 | 7,273 | 500 | 500 |
| Share of post-acquisition reserves | | | | |
| - Revaluation reserve | 2,438 | 35,834 | – | – |
| - Revenue reserve | 39,759 | 9,069 | – | – |
| - Foreign currency translation reserve | (1,560) | (2,721) | – | – |
| | 40,637 | 42,182 | – | – |
| | 47,917 | 49,455 | 500 | 500 |

The Group's share of post acquisition revaluation reserve of $35,834,000 for the year ended 31 March 2007 was reclassified to revenue reserve on the adoption of FRS 40 on 1 April 2007.

Details of the associates are shown in Note 34.

# notes to the financial statements

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## 16. Associates (continued)

The summarised financial information of the associates, not adjusted for the proportion of ownership interest by the Group, is as follows :

| | Group | |
|---|---|---|
| | 2008 | 2007 |
| | $'000 | $'000 |
| **Assets and liabilities:** | | |
| Current assets | 271,243 | 48,823 |
| Non-current assets | 542,626 | 262,644 |
| Total assets | 813,869 | 311,467 |
| Current liabilities | 336,774 | 37,439 |
| Non-current liabilities | 405,812 | 172,301 |
| Total liabilities | 742,586 | 209,740 |
| **Results:** | | |
| Revenue | 186,269 | 168,978 |
| Profit before taxation | 50,178 | 13,622 |
| Taxation | (2,640) | (3,047) |
| Profit after taxation | 47,538 | 10,575 |

## 17. Amounts due from associates

| | Group | | Company | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| | $'000 | $'000 | $'000 | $'000 |
| Amounts due from associates : | | | | |
| - trade | 1,198 | 296 | – | – |
| - non-trade | 202,777 | 26,862 | – | 25,548 |
| | 203,975 | 27,158 | – | 25,548 |

The amounts due from associates are unsecured, interest free and are not expected to be repaid within the next twelve months, except for an amount of $143,307,000 (2007: nil), which bears interest at 19% per annum. These are considered quasi-equity in nature and are expected to be settled in cash.

# notes to the financial statements
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## 18. Investments

| | Note | Group 2008 $'000 | Group 2007 $'000 |
|---|---|---|---|
| **Current:** | | | |
| *Financial assets at fair value through profit and loss* | | | |
| *Held-for-trading investments* | | | |
| Shares (quoted) | | 43,295 | 63,352 |
| Government treasury bonds (unquoted) | | – | 1,000 |
| | | 43,295 | 64,352 |
| *Loans and receivables* | | | |
| Shareholders' loan | (a) | – | 23,514 |
| Loan notes (unquoted) | (b) | 36,777 | – |
| Secured loan notes (unquoted) | (c) | 21,477 | 22,755 |
| | | 58,254 | 46,269 |
| | | 101,549 | 110,621 |
| **Non-current:** | | | |
| *Loans and receivables* | | | |
| Shareholders' loan | (a) | 14,564 | – |
| Loan notes (unquoted) | (b) | – | 39,431 |
| Secured loan notes (unquoted) | (d) | 24,560 | 24,560 |
| | | 39,124 | 63,991 |
| *Available-for-sale investments* | | | |
| Shares (unquoted), at cost | (a) | 28,490 | 29,229 |
| Shares (quoted) | | 97,903 | 96,375 |
| | | 126,393 | 125,604 |
| | | 165,517 | 189,595 |

(a) The shareholder's loan amounting to $14,564,000 (2007 : $23,514,000), which is denominated in US dollars, is extended to Hualing Asset Management Co Ltd ("Hualing"), incorporated in Urumqi, Xinjiang, the People's Republic of China. It bears interest at 7.776% per annum, matures in January 2011 and is secured against the basement floors of a commercial property owned by Hualing.

Unquoted shares include an amount of $28,490,000 (2007 : $29,229,000), which is denominated in Chinese Renminbi and pertains to the Group's equity contribution equivalent to 25% of the registered capital of Hualing. This entitles the Group to receive a fixed return of 17.143% per annum. Although the Group's interest in Hualing is in excess of 20%, the investment in Hualing has not been accounted for as an associate because the Group is unable to exercise significant influence over Hualing due to restrictions imposed in the investment agreement.

# notes to the financial statements
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## 18. Investments (continued)

(b) The unquoted senior notes in Shui On Development (Holdings) Limited, amounting to $36,777,000 (2007: $39,431,000) bear interest at 8.5% per annum and mature on 12 October 2008. Shui On Development (Holdings) Limited has the right to redeem the bonds from 2005 onwards at a price ranging from 108.5% to 100% of the nominal amount plus accrued interest.

(c) The unquoted secured loan notes in Chigwell Holdings Limited ("Chigwell"), incorporated in Hong Kong, amounted to $21,477,000 (2007: $22,755,000) and are denominated in Singapore dollars. They bear interest at 16% (2007: 15%) per annum and mature on 7 December 2008 and are secured by a charge over the share capital of Chigwell.

(d) The unquoted secured loan notes in Datawin Trading Limited ("Datawin") incorporated in the British Virgin Islands, amounted to $24,560,000 (2007: $24,560,000) and are denominated in Singapore Dollars. They bear interest at 16% per annum and mature on 4 January 2010 and are secured by a charge over the share capital of Datawin and Wisdom Top International Limited.

(e) The current and non-current amounts of shareholders' loan and secured and unsecured loan notes of $14,564,000 (2007: $23,514,000) and $82,814,000 (2007: $86,746,000) respectively have been classified as loans and receivables as they meet the recognition criteria under FRS 39.

## 19. Inventories

| | Group | |
|---|---|---|
| | 2008 | 2007 |
| | $'000 | $'000 |
| Balance sheet: | | |
| Inventories held for resale | 11,228 | 12,789 |
| Raw materials | 75 | 401 |
| Total inventories at lower of cost and net realisable value | 11,303 | 13,190 |
| Inventories are stated after deducting allowance for obsolete inventories of | 385 | 528 |
| Balance at 1 April | 528 | 847 |
| Reversal to the income statement | (143) | (319) |
| Balance at 31 March | 385 | 528 |

During the financial year, the Group wrote back $143,000 (2007 : $319,000) being part of an inventory write-down in prior years, as the inventories were sold above carrying amounts in the current financial year. The reversal was included in the income statement.

| | | |
|---|---|---|
| Income statement: | | |
| Inventories recognised as an expense in cost of sales | 125,850 | 127,113 |
| Inventories recognised as an expense in cost of sales is inclusive of the following charge/(credit): | | |
| - Inventories written down (Note 7) | 2,281 | 1,970 |
| - Write-back of obsolete inventory (Note 7) | (143) | (319) |

# notes to the financial statements
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## 20. Accounts receivable

| | Note | Group 2008 $'000 | Group 2007 $'000 | Company 2008 $'000 | Company 2007 $'000 |
|---|---|---|---|---|---|
| **Current:** | | | | | |
| Trade accounts receivable | (a) | 3,538 | 2,564 | – | – |
| Other accounts receivable | (b) | | | | |
| - Amounts due from subsidiaries | | – | – | 17,603 | 27,216 |
| - Recoverables and sundry debtors | | 11,242 | 9,911 | 57 | 60 |
| - Staff loans | | – | 15 | – | – |
| | | 14,780 | 12,490 | 17,660 | 27,276 |
| **Non-current:** | | | | | |
| Amounts due from associates | 17 | 203,975 | 27,158 | – | 25,548 |
| Amounts due from subsidiaries | 15 | – | – | 530,903 | 376,251 |
| Total accounts receivables (current and non-current) | | 218,755 | 39,648 | 548,563 | 429,075 |
| Add: Investments | 18 | | | | |
| - Current | | 58,254 | 46,269 | – | – |
| - Non-current | | 39,124 | 63,991 | – | – |
| Add: Cash and bank balances | 21 | 173,743 | 236,679 | 39,391 | 31,227 |
| Total loans and receivables | | 489,876 | 386,587 | 587,954 | 460,302 |

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The Group's share of jointly controlled entities' trade accounts receivable balances amounted to $2,816,000 (2007 : $1,115,000) (Note 29).

(a) ***Receivables that are impaired***

The Group's trade receivables that are impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows:

| | Group 2008 $'000 | Group 2007 $'000 | Company 2008 $'000 | Company 2007 $'000 |
|---|---|---|---|---|
| *Individually impaired* | | | | |
| Trade receivables – nominal amounts | 1,706 | 1,199 | – | – |
| Less: Allowance for impairment | (1,706) | (1,199) | – | – |
| | – | – | – | – |

# notes to the financial statements
31 March 2008

## 20. Accounts receivable (continued)

(a) ***Receivables that are impaired (continued)***

Movement in allowance for doubtful debts is as follows :

| | Group | | Company | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| | $'000 | $'000 | $'000 | $'000 |
| Balance at 1 April | 1,199 | 959 | – | – |
| Charge to the profit and loss account | 569 | 448 | – | – |
| Bad debts written-off | – | (113) | – | – |
| Write-back of allowance | (62) | (95) | – | – |
| Balance at 31 March | 1,706 | 1,199 | – | – |

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

During the year, an impairment loss of $569,000 (2007: $448,000) was recognised in the income statement subsequent to a debt recovery assessment performed on trade and other receivables as at 31 March 2008.

(b) ***Other accounts receivable***

The Group's share of jointly controlled entities' other receivables amounted to $873,000 as at 31 March 2008 (2007: $687,000) (Note 29).

Amounts due from subsidiaries bear interest at rates varying between 1.91% to 5.95% (2007 : 4.32% to 4.96%) per annum, are unsecured and are expected to be settled in cash and repayable within 12 months.

As at 31 March 2008, the Group did not hold any receivables that are past due but not impaired.

(c) Current accounts receivable denominated in foreign currencies as at 31 March are as follows :

| | Group | | Company | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| | $'000 | $'000 | $'000 | $'000 |
| United States dollar | 2,424 | 3,209 | – | 7 |
| Chinese renminbi | 6,970 | 2,581 | – | – |
| | 9,394 | 5,790 | – | 7 |

# notes to the financial statements
31 March 2008

## 21. Cash and bank balances

Cash and bank balances and fixed deposits placed with financial institutions are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| | $'000 | $'000 | $'000 | $'000 |
| Fixed deposits | 154,091 | 205,136 | 38,062 | 30,425 |
| Cash on hand and at bank | 19,652 | 31,543 | 1,329 | 802 |
| | 173,743 | 236,679 | 39,391 | 31,227 |
| Less: Fixed deposits pledged as security | (55,285) | (69,003) | – | – |
| | 118,458 | 167,676 | 39,391 | 31,227 |

Fixed deposits are made for varying periods of not more than three months depending on the immediate cash requirement of the Group and bear interest ranging from 0.25% to 6.18% (2007 : 2% to 6.15%) per annum. Cash on hand and at bank earns interest at floating rates based on daily bank deposit rates ranging from 0.0625% to 3.9% (2007 : 0.2% to 3.45%) per annum.

Fixed deposits of $55,285,000 (2007 : $69,003,000) have been pledged to financial institutions as security for bank loans (Note 22).

The Group's share of jointly controlled entities' cash and bank balances as at the financial year end amounted to $18,090,000 (2007 : $24,550,000) (Note 29).

Cash and bank balances denominated in foreign currencies as at 31 March are as follows :

| | Group | | Company | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| | $'000 | $'000 | $'000 | $'000 |
| United States dollar | 5,883 | 14,680 | 105 | 12,684 |
| Chinese renminbi | 21,665 | 26,892 | – | – |
| Australian dollar | – | 6,754 | – | 1,133 |
| | 27,548 | 48,326 | 105 | 13,817 |

# notes to the financial statements

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## 22. Bank borrowings

| | Note | Group 2008 $'000 | Group 2007 $'000 | Company 2008 $'000 | Company 2007 $'000 |
|---|---|---|---|---|---|
| **Current** | | | | | |
| Bank revolving credit facilities | | | | | |
| - HK dollar, secured | (a) | 17,603 | 27,216 | – | – |
| - US dollar, unsecured | (b) | 47,506 | 12,212 | 46,125 | 10,695 |
| - RMB, secured | | – | 35,280 | – | – |
| US dollar bank loans, secured | (c) | 35,050 | – | – | – |
| Share of jointly controlled entities' RMB bank loans, secured | (d) | 2,955 | – | – | – |
| Share of jointly controlled entities' RMB bank loans, unsecured | (e) | 4,925 | – | – | – |
| Share of jointly controlled entities' US dollar bank loans, secured | | – | 8,192 | – | – |
| | | 108,039 | 82,900 | 46,125 | 10,695 |
| **Non-current** | | | | | |
| US dollar bank loans, secured | (c) | – | 38,501 | – | – |
| Share of jointly controlled entities' RMB bank loans, secured | (d) | 80,770 | 17,150 | – | – |
| | | 80,770 | 55,651 | – | – |
| **Maturity of bank borrowings** | | | | | |
| Repayable : | | | | | |
| Within 1 year | | 108,039 | 82,900 | 46,125 | 10,695 |
| After 1 year but within 5 years | | 21,670 | 55,651 | – | – |
| More than 5 years | | 59,100 | – | – | – |
| Total | | 188,809 | 138,551 | 46,125 | 10,695 |

(a) The Hong Kong dollar revolving credit facility bears interest at rates ranging from 1.91% to 5.95% (2007 : 4.32% to 4.95%) per annum and is secured by an equivalent amount in fixed deposits (Note 21).

(b) The United States dollar revolving credit facilities bear interest at rates ranging from 3.44% to 7.12% (2007 : 5.87% to 6.75%) per annum.

(c) The United States dollar term loan of $35,050,000 (2007: $38,501,000) matures on 5 October 2008 and bears interest at rates ranging from 3.19% to 6.13% (2007 : 5.0% to 5.8%) per annum and is secured by an equivalent amount in fixed deposits (Note 21).

# notes to the financial statements
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## 22. Bank borrowings (continued)

(d) In the previous financial year, the Group's share of RMB denominated loans held by a jointly controlled entity amounted to $17,150,000 and bore interest at rates ranging from 5.42% to 5.67% per annum. The loan was fully repaid on 19 June 2007. The loans were secured against the jointly controlled entity's investment property of $169,736,000 (Note 13).

The Group's share of RMB denominated loans held by a jointly controlled entity amounted to $83,725,000 and bears interest at rates ranging from 7.2% to 7.83% per annum. An amount of $2,955,000 is repayable on 19 December 2008. The loans are secured against the jointly controlled entity's investment property of $172,769,000 (Note 13).

(e) The Group's share of RMB denominated unsecured loans held by a jointly controlled entity amounted to $4,925,000 and bears interest at 8% per annum.

## 23. Accounts payable

| | Group | | Company | |
|---|---|---|---|---|
| | 2008<br>$'000 | 2007<br>$'000 | 2008<br>$'000 | 2007<br>$'000 |
| **Current** | | | | |
| Trade accounts payable | 22,310 | 29,753 | – | – |
| Other accounts payable | | | | |
| - Amounts owing to subsidiaries | – | – | 30,323 | 27,216 |
| - Sundry creditors | 24,292 | 57,251 | 604 | 474 |
| Other liabilities | | | | |
| - Accruals | 21,710 | 14,493 | 12,574 | 6,157 |
| - Refundable deposits | 9,385 | 8,556 | – | – |
| | 77,697 | 110,053 | 43,501 | 33,847 |
| **Non-current** | | | | |
| Amounts owing to subsidiaries | – | – | 300,273 | 270,161 |
| Total accounts payable | 77,697 | 110,053 | 343,774 | 304,008 |
| Add: Bank borrowings (Note 22) | 188,809 | 138,551 | 46,125 | 10,695 |
| Total financial liabilities carried at amortised cost | 266,506 | 248,604 | 389,899 | 314,703 |

***Trade accounts payable***

Trade accounts payable are non-interest bearing and are normally settled on 30-60 day terms.

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## 23. Accounts payable (continued)

***Other accounts payable***

The amounts owing to subsidiaries (current) bear interest at rates ranging from 1.91% to 5.95% (2007 : 4.32% to 4.95%) per annum and have no fixed terms of repayment. These are unsecured and are expected to be settled in cash.

The amounts due to subsidiaries (non-current) are non-trade related, unsecured, interest-free and have no fixed terms of repayment, except for an amount of $1,381,000 (2007: $1,517,000) which bears interest at rates ranging from 4.35% to 7.12% (2007: 5.92% to 6.75%) per annum. These are expected to be settled in cash.

The Group's share of jointly controlled entities' accounts payable as at 31 March 2008 amounted to $47,970,000 (2007: $65,344,000) (Note 29).

Current accounts payable denominated in foreign currencies as at 31 March are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2008<br>$'000 | 2007<br>$'000 | 2008<br>$'000 | 2007<br>$'000 |
| United States dollar | 217 | 352 | 69 | – |
| Chinese renminbi | 35,627 | 67,128 | – | – |
| Sterling pound | 39 | 113 | – | – |
| Hong Kong dollar | 29 | – | – | – |
| | 35,912 | 67,593 | 69 | – |

## 24. Share capital

| | Group and Company | | | |
|---|---|---|---|---|
| | 2008 | | 2007 | |
| | No. of shares<br>'000 | $'000 | No. of shares<br>'000 | $'000 |
| Ordinary shares | | | | |
| Issued and fully paid : | | | | |
| Balance at beginning and end of the year | 630,777 | 126,155 | 630,777 | 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. The ordinary shares have no par value.

# notes to the financial statements
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## 25. Reserves

| | Note | Group 2008 $'000 | Group 2007 $'000 | Company 2008 $'000 | Company 2007 $'000 |
|---|---|---|---|---|---|
| Revaluation reserve | (a) | 8,740 | 138,028 | 6,301 | 2,017 |
| Foreign currency translation reserve | (b) | (27,599) | (15,988) | – | – |
| Revenue reserve | (c) | 714,086 | 494,134 | 93,595 | 41,001 |
| Fair value reserve | (d) | 58,194 | 49,378 | – | – |
| | | 753,421 | 665,552 | 99,896 | 43,018 |

(a) ***Revaluation reserve***

The revaluation reserve is used to record the increases in the fair value of land and buildings and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in revaluation reserve. The reserve is stated net of tax. The revaluation reserve for the year ended 31 March 2007 included the revaluation surplus of investment properties which have since been reclassified to revenue reserve on adoption of FRS 40 on 1 April 2007.

| | Group 2008 $'000 | Group 2007 $'000 | Company 2008 $'000 | Company 2007 $'000 |
|---|---|---|---|---|
| Net surplus on revaluation of: | | | | |
| - Freehold land and buildings | 8,740 | 37,852 | 6,301 | 2,017 |
| - Leasehold land and buildings | – | 42,038 | – | – |
| - Investment properties | – | 58,138 | – | – |
| | 8,740 | 138,028 | 6,301 | 2,017 |

(b) ***Foreign currency translation reserve***

The foreign currency translation reserve is used to record exchange differences arising from translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(c) ***Revenue reserve***

Included in the Group's revenue reserve is a balance of approximately $238,000 (2007: $197,000), which is restricted in use as required by the relevant laws and regulations of the People's Republic of China.

(d) ***Fair value reserve***

Fair value reserve records the cumulative fair value changes of available-for-sale assets until they are derecognised or impaired.

# notes to the financial statements
31 March 2008

## 26. Dividends

| | Group and Company | |
|---|---|---|
| | 2008 | 2007 |
| | $'000 | $'000 |
| Dividends paid during the year : | | |
| First and final ordinary dividend of 2.0 cents (2007 : 2.0 cents) per ordinary share, less income tax of 18% (2007 : 20%) | 10,345 | 10,092 |
| Special interim dividend of 3.0 cents (2007 : 3.0 cents) per ordinary share, less income tax of 18% (2007 : 20%) | 15,517 | 15,139 |
| Special interim dividend of 3.0 cents per ordinary share for 2008, less income tax of 18% | 15,517 | – |
| Ordinary interim dividend of 1.0 cent per ordinary share for 2008, less income tax of 18% | 5,172 | – |
| | 46,551 | 25,231 |
| Dividends proposed but not recognised as a liability as at 31 March : | | |
| Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting : | | |
| First and final dividend of 2.0 cents per ordinary share for 2007, less income tax of 18% | – | 10,345 |
| Special dividend of 3.0 cents per ordinary share for 2007, less income tax of 18% | – | 15,517 |
| Final exempt (one-tier) dividend of 1.0 cent per ordinary share | 6,308 | – |
| | 6,308 | 25,862 |

## 27. Operating lease commitments

(a) ***As lessee***

The Group leases certain properties under non-cancellable lease arrangements which do not have any purchase options and expire at various dates till 2012. All leases include a clause to enable upward revision of the rental charge on a periodic basis based on prevailing market conditions. The future minimum rentals under these non-cancellable leases are :

| | Group | |
|---|---|---|
| | 2008 | 2007 |
| | $'000 | $'000 |
| Not later than one year | 14,142 | 13,007 |
| Later than one year but not later than five years | 12,699 | 7,653 |
| | 26,841 | 20,660 |

# notes to the financial statements
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## 27. Operating lease commitments (continued)

(b) ***As lessor***

The Group has entered into commercial property leases on its property portfolio. These non-cancellable leases have remaining non-cancellable lease terms of between 1 and 19 years. Certain leases include a clause to enable upward revision of the rental charge on a periodic basis based on prevailing market conditions.

Future minimum lease payments receivable under non-cancellable operating leases as at 31 March are as follows:

| | **Group** | |
|---|---|---|
| | **2008** | **2007** |
| | **$'000** | **$'000** |
| Not later than one year | 30,616 | 30,336 |
| Later than one year but not later than five years | 68,971 | 65,385 |
| Later than five years | 42,287 | 55,636 |
| | 141,874 | 151,357 |

## 28. Contingent liabilities

The Group and Company has undertaken to provide financial support to certain subsidiaries and associates for deficiencies in their shareholders' funds and to extend adequate funding to meeting their net current liability positions for the years ended 31 March 2008 and 2007.

# notes to the financial statements
31 March 2008

## 29. 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 | |
|---|---|---|
| | 2008 | 2007 |
| | $'000 | $'000 |
| Investment properties | 402,432 | 268,402 |
| Property, plant and equipment | 842 | 98,721 |
| Investments | 63 | 15 |
| Trade receivables | 2,816 | 1,115 |
| Other receivables | 873 | 687 |
| Cash at bank | 18,090 | 24,550 |
| Bank borrowings | (88,650) | (25,342) |
| Other payables | (47,970) | (65,344) |
| Provision for taxation | (2,953) | (2,105) |
| Deferred tax liabilities | (54,220) | (42,885) |
| | 231,323 | 257,814 |

(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 | |
|---|---|---|
| | 2008 | 2007 |
| | $'000 | $'000 |
| Revenue | 41,528 | 27,075 |
| Gain from fair value adjustments on investment properties | 11,290 | – |
| Other income | 1,141 | 218 |
| Expenses | (18,940) | (13,327) |
| Profit before taxation | 35,019 | 13,966 |
| Taxation | (12,131) | (4,177) |
| Profit after taxation | 22,888 | 9,789 |
| Share of revaluation surplus on properties | – | 100,176 |

Details of the Group's jointly controlled entities are shown in Note 34.

# notes to the financial statements

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## 30. Related party disclosures

An entity or individual is considered a related party of the Group for the purposes of the financial statements if:

(i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa; or

(ii) it is subject to common control or common significant influence.

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties who are not members of the Group took place during the year at terms agreed between the parties:

(a) ***Sales and purchase of goods and services and other fees***

| | Group | |
|---|---|---|
| | **2008** | **2007** |
| | **$'000** | **$'000** |
| Interest income from an associate | (21,485) | – |
| Purchases from an associate | 97 | 86 |
| Management fee received from associates | (3,427) | (1,932) |
| Sales to an associate | (3,459) | (3,278) |
| Rental income from a company in which Directors have an interest * | (139) | (129) |
| Rental income from an associate | (6) | (6) |
| Corporate advisory fee paid to a company that is controlled by a Director | 71 | – |
| Professional fees paid to a company in which a Director has an interest | 110 | – |

* The related party above refers to an entity affiliated with the controlling shareholder of the Company.

(b) ***Compensation of key management personnel***

| | Group | |
|---|---|---|
| | **2008** | **2007** |
| | **$'000** | **$'000** |
| Short-term employee benefits | 14,560 | 8,078 |
| Contributions to CPF | 43 | 42 |
| Provision for long-service benefits | 1,508 | 252 |
| Gratuity paid to former Chairman | 1,693 | – |
| Total compensation paid to key management personnel | 17,804 | 8,372 |
| Comprise amounts paid to : | | |
| Directors of the Company | 11,111 | 6,042 |
| Other key management personnel | 6,693 | 2,330 |
| | 17,804 | 8,372 |

# notes to the financial statements
31 March 2008

## 31. Segment information

***Reporting format***

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the activities, namely property, retail and others, with each segment representing a strategic business unit that offers different products and serves different markets.

***Business segments***

The property segment is involved in the leasing of shopping and office spaces owned by the Group, operating of hotels and investing in property-related investments.

The retail segment is involved in the business of retailing and operating of departmental stores.

***Geographical segments***

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

***Allocation basis and transfer pricing***

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

***Business segments***

| | Property $'000 | Retail $'000 | Inter-segment eliminations $'000 | Total $'000 |
|---|---|---|---|---|
| **2008** | | | | |
| Sales to external customers | 48,025 | 176,384 | – | 224,409 |
| Inter-segment sales | 1,160 | – | (1,160) | – |
| Segment revenue | 49,185 | 176,384 | (1,160) | 224,409 |
| Segment results | 51,503 | 7,778 | – | 59,281 |
| Share of results of associates | 24,097 | 3,104 | – | 27,201 |
| Profit before taxation | 75,600 | 10,882 | – | 86,482 |
| Taxation | | | | (20,199) |
| Profit for the year | | | | 66,283 |

# notes to the financial statements

31 March 2008

## 31. Segment information (continued)

***Business segments (continued)***

| | Property $'000 | Retail $'000 | Inter-segment eliminations $'000 | Total $'000 |
|---|---|---|---|---|
| **2007** | | | | |
| Sales to external customers | 34,711 | 179,457 | – | 214,168 |
| Inter-segment sales | 1,180 | – | (1,180) | – |
| Segment revenue | 35,891 | 179,457 | (1,180) | 214,168 |
| Segment results | 64,354 | 10,992 | – | 75,346 |
| Share of results of associates | 4,308 | 2,047 | – | 6,355 |
| Profit before taxation | 68,662 | 13,039 | – | 81,701 |
| Taxation | | | | (10,786) |
| Profit for the year | | | | 70,915 |

| | Property $'000 | Retail $'000 | Total $'000 |
|---|---|---|---|
| **Assets and liabilities** | | | |
| **2008** | | | |
| Segment assets | 949,811 | 30,795 | 980,606 |
| Tax recoverable | 1,426 | – | 1,426 |
| Investment in associates | 239,646 | 12,246 | 251,892 |
| Total assets | 1,190,883 | 43,041 | 1,233,924 |
| Segment liabilities | 239,474 | 27,032 | 266,506 |
| Provision for taxation | 10,134 | 3,363 | 13,497 |
| Deferred taxation | 65,377 | 325 | 65,702 |
| Total liabilities | 314,985 | 30,720 | 345,705 |
| **Other segment information** | | | |
| Capital expenditure | 815 | 1,054 | 1,869 |
| **Significant non-cash items** | | | |
| Depreciation of property, plant and equipment | 889 | 1,699 | 2,588 |
| Provision for doubtful debts, net | – | 1,706 | 1,706 |
| Inventories written down | – | 2,281 | 2,281 |
| Fair value losses on held-for-trading investments | 8,769 | – | 8,769 |
| Gain from fair value adjustments on investment properties | (14,941) | – | (14,941) |
| Write-back of obsolete inventory | – | (143) | (143) |

# notes to the financial statements
31 March 2008

## 31. Segment information (continued)

| | Property $'000 | Retail $'000 | Total $'000 |
|---|---|---|---|
| **Assets and liabilities** | | | |
| **2007** | | | |
| Segment assets | 971,407 | 62,205 | 1,033,612 |
| Tax recoverable | 1,332 | – | 1,332 |
| Investment in associates | 65,817 | 10,796 | 76,613 |
| Total assets | 1,038,556 | 73,001 | 1,111,557 |
| Segment liabilities | 214,371 | 34,233 | 248,604 |
| Provision for taxation | 7,502 | 3,168 | 10,670 |
| Deferred taxation | 51,963 | 57 | 52,020 |
| Total liabilities | 273,836 | 37,458 | 311,294 |
| **Other segment information** | | | |
| Capital expenditure | 48,314 | 1,845 | 50,159 |
| **Significant non-cash items** | | | |
| Depreciation of property, plant and equipment | 5,185 | 1,863 | 7,048 |
| Provision for doubtful debts, net | – | 1,199 | 1,199 |
| Inventories written down | – | 1,970 | 1,970 |
| Gain from fair value adjustments on investment properties | (2,901) | – | (2,901) |
| Negative goodwill arising on acquisition of jointly controlled entity | (160) | – | (160) |
| Fair value gains on held-for-trading investments | (803) | – | (803) |
| Write-back of obsolete inventory | – | (319) | (319) |

***Geographical segments***

The following table presents revenue and expenditure information regarding the Group's geographical segments for the financial years ended 31 March 2008 and 2007 and certain asset information regarding geographical segments as at 31 March 2008 and 2007 :

| | Asean $'000 | Hong Kong and China $'000 | Group $'000 |
|---|---|---|---|
| **2008** | | | |
| Segment revenue | 176,387 | 48,022 | 224,409 |
| Other geographical information : | | | |
| Segment assets | 192,212 | 788,394 | 980,606 |
| Investment in associates | 60,903 | 190,989 | 251,892 |
| Capital expenditure | 1,754 | 115 | 1,869 |

# notes to the financial statements
31 March 2008

## 31. Segment information (continued)

***Geographical segments (continued)***

| | Asean $'000 | Hong Kong and China $'000 | Group $'000 |
|---|---|---|---|
| 2007 | | | |
| Segment revenue | 179,800 | 34,368 | 214,168 |
| | | | |
| Other geographical information : | | | |
| Segment assets | 277,032 | 756,580 | 1,033,612 |
| Investment in associates | 76,081 | 532 | 76,613 |
| Capital expenditure | 3,525 | 46,634 | 50,159 |

## 32. Financial instruments

(a) ***Financial risk management objectives and policies***

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

***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk on interest bearing assets arises primarily from their loans and borrowings, interest-bearing loans given to related parties and investments in debt securities. The Group invests in fixed rate debt securities to ensure certainty over the cashflows. The Company's loans at floating rate given to related parties form a natural hedge for its non-current floating rate bank loan.

The Group is also exposed to interest rate risk from loans and borrowings. All of the Group's and the Company's financial assets and liabilities at floating rates are contractually repriced at intervals of 1 to 3 months (2007: 1 to 3 months) from the balance sheet date.

The following table sets out the carrying amount, by maturity, of the Group's and the Company's financial instruments that are exposed to interest rate risk:

# notes to the financial statements

31 March 2008

## 32. Financial instruments (continued)

***Interest rate risk (continued)***

***Assets/(liabilities)***

| | Within 1 year $'000 | 1 to 5 years $'000 | Over 5 years $'000 | Total $'000 |
|---|---|---|---|---|
| **2008** | | | | |
| **Group** | | | | |
| ***Fixed rate*** | | | | |
| Loan notes | 58,254 | 24,560 | – | 82,814 |
| Shareholders' loan | – | 14,564 | – | 14,564 |
| Amounts due from associates | – | 143,307 | – | 143,307 |
| Fixed deposits | 7,894 | – | – | 7,894 |
| Share of a jointly controlled entity's bank loans | (4,925) | – | – | (4,925) |
| ***Floating rate*** | | | | |
| Cash assets | 19,652 | – | – | 19,652 |
| Fixed deposits | 146,197 | – | – | 146,197 |
| Share of a jointly controlled entity's bank loans | (2,955) | (21,670) | (59,100) | (83,725) |
| Bank borrowings | (100,159) | – | – | (100,159) |
| **Company** | | | | |
| ***Floating rate*** | | | | |
| Cash assets | 1,329 | – | – | 1,329 |
| Fixed deposits | 38,062 | – | – | 38,062 |
| Bank borrowings | (46,125) | – | – | (46,125) |
| **2007** | | | | |
| **Group** | | | | |
| ***Fixed rate*** | | | | |
| Loan notes | 22,755 | 63,991 | – | 86,746 |
| Shareholders' loan | 23,514 | – | – | 23,514 |
| Government treasury bond | 1,000 | – | – | 1,000 |
| ***Floating rate*** | | | | |
| Cash assets | 22,406 | 9,137 | – | 31,543 |
| Fixed deposits | 205,136 | – | – | 205,136 |
| Share of a jointly controlled entity's bank loans | (8,192) | (17,150) | – | (25,342) |
| Bank borrowings | (74,708) | (38,501) | – | (113,209) |

# notes to the financial statements

31 March 2008

## 32. Financial instruments (continued)

***Interest rate risk (continued)***

***Assets/(liabilities) (continued)***

| | Within 1 year $'000 | 1 to 5 years $'000 | Over 5 years $'000 | Total $'000 |
|---|---|---|---|---|
| **2007** | | | | |
| **Company** | | | | |
| ***Floating rate*** | | | | |
| Cash assets | 802 | – | – | 802 |
| Fixed deposits | 30,425 | – | – | 30,425 |
| Bank borrowings | (10,695) | – | – | (10,695) |

*Sensitivity analysis for interest rate risk*

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on the Group's floating rate loans and borrowings, with all other variables held constant and the impact on the Group's profit before tax.

| | Increase/decrease in basis points | Effect on profit before tax 2008 $'000 | 2007 $'000 |
|---|---|---|---|
| **Group** | | | |
| - Chinese renminbi | +100 | (887) | (524) |
| - United States dollar | +100 | (826) | (589) |
| - Hong Kong dollar | +100 | (176) | (272) |
| | | | |
| - Chinese renminbi | -100 | 887 | 524 |
| - United States dollar | -100 | 826 | 589 |
| - Hong Kong dollar | -100 | 176 | 272 |

***Foreign currency risk***

The Group is exposed to the effects of foreign currency exchange rate fluctuations, primarily in relation to United States dollars (USD), Hong Kong dollars (HK$) and Chinese renminbi (RMB). 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.

In relation to its overseas investments in its foreign subsidiaries whose net assets are exposed to currency translation risks and which are held for long term investment purposes, the differences arising from such translation are recorded under the foreign currency translation reserve. These translation differences are reviewed and monitored on a regular basis.

# notes to the financial statements
31 March 2008

## 32. Financial instruments (continued)

***Foreign currency risk (continued)***

*Sensitivity analysis for foreign currency risk*

The following table demonstrates the sensitivity to a reasonably possible change in the USD, HK$ and RMB exchange rates (against SGD), with all other variables held constant, on the Group's profit before tax and equity.

| | 2008 | | 2007 | |
|---|---|---|---|---|
| | Profit before tax $'000 | Equity $'000 | Profit before tax $'000 | Equity $'000 |
| USD - strengthened 5% (2007: 5%) | 79 | 663 | 1,927 | 314 |
| - weakened 5% (2007: 5%) | (79) | (663) | (1,927) | (314) |
| HK$ - strengthened 5% (2007: 5%) | 149 | 4,895 | 336 | 4,862 |
| - weakened 5% (2007: 5%) | (149) | (4,895) | (336) | (4,862) |
| RMB - strengthened 5% (2007: 5%) | – | 7,646 | – | – |
| - weakened 5% (2007: 5%) | – | (7,646) | – | – |

***Credit risk***

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure.

The Group trades only with recognised and creditworthy third parties. It is the Group's policy to ensure that credit customers are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant. Collaterals are obtained when appropriate. The amount and type of collateral depends on an assessment of the credit risk of the counterparty. Sufficient rental deposits are obtained to mitigate against the credit risk from tenants.

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

# notes to the financial statements
31 March 2008

## 32. Financial instruments (continued)

***Credit risk (continued)***

*Credit risk concentration profile*

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its financial assets on an on-going basis. The credit risk concentration profile of the Group's financial assets at the balance sheet date by country is as follows :

| By country: | Singapore $'000 | People's Republic of China/ Hong Kong $'000 | Other countries $'000 | Total $'000 |
|---|---|---|---|---|
| **At 31 March 2008** | | | | |
| ***Available-for-sale financial assets*** | | | | |
| Shares (unquoted), at cost (Note 18) | – | 28,490 | – | 28,490 |
| ***Loans and receivables*** | | | | |
| Amounts due from associates (Note 17) | – | 203,501 | 474 | 203,975 |
| Shareholders' loan (secured) (Note 18) | – | 14,564 | – | 14,564 |
| Loan notes (unquoted) (unsecured) (Note 18) | – | 36,777 | – | 36,777 |
| Secured loan notes (unquoted) (Note 18) | – | 46,037 | – | 46,037 |
| Trade and other accounts receivable (Note 20) | 10,777 | 4,003 | – | 14,780 |
| Total | 10,777 | 333,372 | 474 | 344,623 |
| **At 31 March 2007** | | | | |
| ***Financial assets at fair value through profit and loss*** | | | | |
| Unquoted government treasury bonds (Note 18) | 1,000 | – | – | 1,000 |
| ***Available-for-sale financial assets*** | | | | |
| Shares (unquoted), at cost (Note 18) | – | 29,229 | – | 29,229 |
| ***Loans and receivables*** | | | | |
| Amounts due from associates (Note 17) | – | – | 27,158 | 27,158 |
| Shareholders' loan (secured) (Note 18) | – | 23,514 | – | 23,514 |
| Loan notes (unquoted) (unsecured) (Note 18) | – | 39,431 | – | 39,431 |
| Secured loan notes (unquoted) (Note 18) | – | 47,315 | – | 47,315 |
| Trade and other accounts receivable (Note 20) | 10,940 | 1,550 | – | 12,490 |
| Total | 11,940 | 141,039 | 27,158 | 180,137 |

# notes to the financial statements
31 March 2008

## 32. Financial instruments (continued)

***Credit risk (continued)***

*Credit risk concentration profile (continued)*

Of the total financial assets disclosed above of $344,623,000 (2007 : $180,137,000), 97.8% (2007 : 95.2%) is invested in the property sector.

*Financial assets that are neither past due nor impaired*

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents and investments that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with no history of default.

*Financial assets that are either past due or impaired*

Information regarding financial assets that are either past due or impaired is disclosed in Note 20 (Accounts receivable).

***Liquidity risk***

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

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.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the balance sheet date based on contractual undiscounted payments.

# notes to the financial statements
31 March 2008

## 32. Financial instruments (continued)

***Liquidity risk (continued)***

| | 1 year or less $'000 | 1 to 5 years $'000 | Over 5 years $'000 | Total $'000 |
|---|---|---|---|---|
| **Group** | | | | |
| **2008** | | | | |
| Trade and other payables | 77,697 | – | – | 77,697 |
| Loans and borrowings | 108,039 | 21,670 | 59,100 | 188,809 |
| | 185,736 | 21,670 | 59,100 | 266,506 |
| **2007** | | | | |
| Trade and other payables | 110,053 | – | – | 110,053 |
| Loans and borrowings | 82,900 | 55,651 | – | 138,551 |
| | 192,953 | 55,651 | – | 248,604 |
| **Company** | | | | |
| **2008** | | | | |
| Trade and other payables | 43,501 | 300,273 | – | 343,774 |
| Loans and borrowings | 46,125 | – | – | 46,125 |
| | 89,626 | 300,273 | – | 389,899 |
| **2007** | | | | |
| Trade and other payables | 33,847 | 270,161 | – | 304,008 |
| Loans and borrowings | 10,695 | – | – | 10,695 |
| | 44,542 | 270,161 | – | 314,703 |

***Market price risk***

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity instruments. These instruments are mainly quoted on the SGX-ST in Singapore and HKSE in Hong Kong and are classified as held-for-trading or available-for-sale financial assets. The Group does not have exposure to commodity price risk. The Group's objective is to manage investment returns and equity price risk using a mix of investment grade shares with steady dividend yield and non-investment grade shares.

# notes to the financial statements
31 March 2008

## 32. Financial instruments (continued)

***Market price risk (continued)***

*Sensitivity analysis for equity price risk*

The following table demonstrates the sensitivity to a reasonably possible change in the Straits Times Index (STI) and Hang Seng Index (HSI), with all other variables held constant, on the fair value of equity instruments held by the Group :

| | 2008 | | 2007 | |
|---|---|---|---|---|
| | Profit before tax $'000 | Equity $'000 | Profit before tax $'000 | Equity $'000 |
| HSI | | | | |
| - 10% higher | – | 9,790 | – | 9,724 |
| - 10% lower | – | (9,790) | – | (9,724) |
| STI | | | | |
| - 10% higher | 4,329 | – | 6,435 | – |
| - 10% lower | (4,329) | – | (6,435) | – |

(b) ***Fair values***

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

*Financial instruments carried at fair value*

The Group has carried all investment securities that are classified as held-for-trading or available-for-sale financial assets, at their fair value as required by FRS 39, except as disclosed below.

*Financial instruments whose carrying amount approximate fair value*

Management has determined that the carrying amounts of cash and short term deposits, current trade and other receivables, bank overdrafts, current trade and other payables and current bank loans, based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently.

*Financial instruments carried at other than fair value*

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's and Company's financial instruments that are not carried in the financial statements and whose carrying amounts are not reasonable approximation of fair value are as follows:

# notes to the financial statements

31 March 2008

## 32. Financial instruments (continued)

***Fair values (continued)***

| | | Group | | | | Company | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Carrying amount | | Fair value | | Carrying amount | | Fair value | |
| | Note | 2008 $'000 | 2007 $'000 | 2008 $'000 | 2007 $'000 | 2008 $'000 | 2007 $'000 | 2008 $'000 | 2007 $'000 |
| **Financial assets:** | | | | | | | | | |
| Amounts due from subsidiaries (non-current) | 15 | | | | | | | | |
| - interest-bearing | | – | – | – | – | 351,009 | 100,376 | 351,009 | 100,376 |
| - non interest-bearing | | – | – | – | – | 179,894 | 275,875 | (ii) | (ii) |
| Unquoted shares | 18 | 28,490 | 29,229 | (i) | (i) | – | – | – | – |
| Amounts due from associates (non-current) | 17 | | | | | | | | |
| - interest-bearing | | 143,307 | – | 143,307 | – | – | – | – | – |
| - non interest-bearing | | 60,668 | 27,158 | (ii) | (ii) | – | 25,548 | (ii) | (ii) |
| Shareholders' loan | 18 | 14,564 | 23,514 | 14,564 | 23,514 | – | – | – | – |
| Loan notes (unquoted) | 18 | 36,777 | 39,431 | 36,914 | 41,061 | – | – | – | – |
| Secured loan notes (unquoted) | 18 | 46,037 | 47,315 | 46,037 | 47,315 | – | – | – | – |
| **Financial liabilities:** | | | | | | | | | |
| Amounts due to subsidiaries (non-current) | 23 | | | | | | | | |
| - interest-bearing | | – | – | – | – | 1,381 | 1,517 | 1,381 | 1,517 |
| - non interest-bearing | | – | – | – | – | 298,892 | 268,644 | (ii) | (ii) |

(i) The unquoted shares have been stated at cost because of the lack of market prices and assumptions used in valuation models to value these investments cannot be reasonably determined. However, the cash flows from these investments are expected to be in excess of their carrying amounts.

(ii) The amounts due from/(to) subsidiaries and associates have no repayment terms and are repayable only when the cash flows of the borrower permits. Accordingly, the fair values of these balances are not determinable as the timing of the future cash flows arising from the balances cannot be estimated reliably.

# notes to the financial statements
31 March 2008

## 32. Financial instruments (continued)

***Fair values (continued)***

*Methods and assumptions used to determine fair values*

The methods and assumptions used by management to determine fair values of financial instruments other than those whose carrying amounts reasonably approximate their fair values as mentioned earlier, are as follows:

| Financial assets and liabilities | Methods and assumptions |
|---|---|
| • Investment securities (quoted shares) | Fair value has been determined by reference to published market prices or broker quotes at the balance sheet date without factoring in transaction costs. |
| • Investment securities (unquoted loan notes and shareholders' loan)<br>• Other receivables (non-current)<br>• Bank loans and debentures (non-current) | Fair value has been determined using discounted estimated cash flows at market incremental lending rate adjusted for credit risk premium specific to the risk at the balance sheet issue date. Where repayment terms are not fixed, future cash flows are projected based on management's best estimates. The discount rates used are the current market incremental lending rates for similar types of lending and borrowing arrangements. |

During the year, no amount (2007: nil) has been recognised in the income statement in relation to the change in fair value of financial assets or financial liabilities estimated using a valuation technique.

## 33. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings. No changes were made in the objectives, policies or processes during the years ended 31 March 2008 and 31 March 2007.

As disclosed in Note 25 (c), a subsidiary of the Group is required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the above-mentioned subsidiary for the financial years ended 31 March 2008 and 31 March 2007.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. Net debt is calculated as loans and borrowings less cash and cash equivalents. Capital includes equity attributable to the equity holders of the Company less the above-mentioned restricted statutory reserve fund.

# notes to the financial statements
31 March 2008

## 33. Capital management (continued)

| | Group 2008 $'000 | Group 2007 $'000 |
|---|---|---|
| Loans and borrowings (Note 22) | 188,809 | 138,551 |
| Less: Cash and cash equivalents (Note 21) | (173,743) | (236,679) |
| Net debt/(cash) | 15,066 | (98,128) |
| Equity attributable to the equity holders of the parent | 879,576 | 791,707 |
| Less: Statutory reserve fund (Note 25(c)) | (238) | (197) |
| Total capital | 879,338 | 791,510 |
| Gearing ratio | 1.7% | (12.4%) |

## 34. Subsidiaries, associates and jointly controlled entities

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

| | Cost to Company 2008 $'000 | Cost to Company 2007 $'000 |
|---|---|---|
| **Name of company** | | |
| Metro (Private) Limited | 8,914 | 8,914 |
| Orchard Square Development Corporation Pte Ltd | 7,576 | 7,576 |
| Metrobilt Pte Ltd | 4,038 | 4,038 |
| Metro Australia Holdings Pte Ltd | 1,000 | 1,000 |
| Meren Pte Ltd | 300 | 300 |
| Metro China Holdings Pte Ltd | * | * |
| Sun Capital Assets Pte Ltd | * | * |
| | 21,828 | 21,828 |

* Cost is $2.

# notes to the financial statements
31 March 2008

## 34. Subsidiaries, associates and jointly controlled entities (continued)

Details of subsidiaries, associates and jointly controlled entities at 31 March are:

| Subsidiaries (Country of incorporation) | Place of business | Percentage of equity held by the Group 2008 % | 2007 % |
|---|---|---|---|
| ***Held by the Company*** | | | |
| **Retailers and department store operators** | | | |
| Metro (Private) Limited (Singapore) | Singapore | 100.0 | 100.0 |
| **Property** | | | |
| Orchard Square Development Corporation Pte Ltd (Singapore) | Singapore | 100.0 | 100.0 |
| **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 |
| **Investment trading** | | | |
| Meren Pte Ltd (Singapore) | Singapore | 100.0 | 100.0 |
| ***Held by subsidiaries*** | | | |
| **Retailers and department store operators** | | | |
| The Marketing Co Pte Ltd (Singapore) | Singapore | 100.0 | 100.0 |

# notes to the financial statements
31 March 2008

## 34. Subsidiaries, associates and jointly controlled entities (continued)

| | Subsidiaries (Country of incorporation) | Place of business | Percentage of equity held by the Group 2008 % | 2007 % |
|---|---|---|---|---|
| | **Property** | | | |
| + | Guangzhou International Electronics Building 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 | 94.0 |
| | Metro City (Beijing) Pte Ltd (Singapore) | People's Republic of China | 100.0 | 100.0 |
| + | Crown Investments Ltd (Mauritius) | People's Republic of China | 100.0 | 100.0 |
| | **Management service consultants** | | | |
| | Metrobilt Construction Pte Ltd (Singapore) | Singapore | 70.0 | 70.0 |

# notes to the financial statements

31 March 2008

## 34. Subsidiaries, associates and jointly controlled entities (continued)

| | Subsidiaries (Country of incorporation) | Place of business | Percentage of equity held by the Group 2008 % | 2007 % |
|---|---|---|---|---|
| | **Dormant companies** | | | |
| | Idea Shoppe Pte Ltd (Singapore) | Singapore | 100.0 | 100.0 |
| + | Metro Factory Outlet (Malaysia) Sdn Bhd (Malaysia) | Malaysia | 100.0 | 100.0 |

| | Associates (Country of incorporation) | Place of business | Percentage of equity held by the Group 2008 % | 2007 % |
|---|---|---|---|---|
| | **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 | 49.0 | 49.0 |
| & | Etika Utama Sdn Bhd (Malaysia) | Malaysia | 49.0 | 49.0 |
| & | Gurney Plaza Sdn Bhd (Malaysia) | Malaysia | 49.0 | 49.0 |
| & | G Limousine Services Sdn Bhd (Malaysia) | Malaysia | 49.0 | 49.0 |
| & | Unojaya Sdn Bhd (Malaysia) | Malaysia | 49.0 | 49.0 |
| & | Ghotel Sdn Bhd (Malaysia) | Malaysia | 49.0 | 49.0 |

# notes to the financial statements

31 March 2008

## 34. Subsidiaries, associates and jointly controlled entities (continued)

| | Associates (Country of incorporation) | Place of business | Percentage of equity held by the Group 2008 % | 2007 % |
|---|---|---|---|---|
| | **Investment holding** | | | |
| | Gurney Investments Pte Ltd (Singapore) | Singapore | 50.0 | 50.0 |
| | SOS Shanghai Pte Ltd (Singapore) | Singapore | 50.0 | 50.0 |
| ①+ | China Infrastructure Group Limited (British Virgin Island) | People's Republic of China | 45.0 | – |
| ②& | Nordevo Investments Limited (British Virgin Island) | People's Republic of China | 50.0 | – |
| | **Leisure** | | | |
| +# | Shanghai Target Club Co Ltd (People's Republic of China) | People's Republic of China | 33.4 | 33.4 |

| | Jointly controlled entities (Country of incorporation) | Place of business | Percentage of equity held by the Group 2008 % | 2007 % |
|---|---|---|---|---|
| | 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 |
| + | Beijing Huamao Property Co Ltd (People's Republic of China) | People's Republic of China | 50.0 | 50.0 |

# notes to the financial statements
31 March 2008

## 34. Subsidiaries, associates and jointly controlled entities (continued)

+ Audited by associated firms of Ernst & Young, Singapore.
& Audited by other firms. These foreign subsidiaries and associates are not considered significant as defined under Clause 718 of the Listing Manual of the Singapore Exchange Securities Trading Limited.
@ The Group has not accounted for its interests in Shanghai Metro Cultural and Entertainment Co Ltd and Shanghai Huimei Property Co Ltd as subsidiaries although its interests is in excess of 50% because under the joint venture agreements, the joint venture parties are entitled to a share of the profits of the joint ventures in proportion to their respective capital contributions but have contractual joint control of the jointly controlled entities.
① Acquired during the year.
② Incorporated during the year.
# Subsequent to the year end, Shanghai Target Club Co Ltd was placed under liquidation.

## 35. Comparative figures

Certain comparative figures have been reclassified to better reflect the nature of the balances and to be consistent with the current year's classification :

| | 2007 | | | |
|---|---|---|---|---|
| | Group | | Company | |
| | As reclassified $'000 | As previously reported $'000 | As reclassified $'000 | As previously reported $'000 |
| ***Balance sheet*** | | | | |
| Subsidiaries | – | – | 17,174 | 393,425 |
| Amounts due from subsidiaries | – | – | 376,251 | – |
| Accounts receivable | 12,490 | 16,788 | 27,276 | 27,523 |
| Deposits and prepayments | 4,298 | – | 247 | – |

# notes to the financial statements
31 March 2008

## 36. Event occurring after balance sheet date

Subsequent to the year end, the Group entered into an agreement to provide a mezzanine loan for the Singapore dollar equivalent of US$15,000,000 to China East Investment Limited ("CEI") and Metropolis Holding China Limited ("MHC"). CEI and MHC are associate companies of the Group's associate, Nordevo Investments Limited ("Nordevo").

The loan extended to CEI is to be secured by a first charge over the assets of CEI, a guarantee from MHC and a subordination of shareholders' loans and mezzanine loans extended by Nordevo and shareholders' loans extended by ECM Real Estate Investments A.G. ("ECM") to CEI. The loan to MHC is to be secured by a first charge over MHC's assets, a guarantee from CEI and a subordination of shareholders' loans and mezzanine loans extended by Nordevo and shareholders loans extended by ECM to MHC. The aggregate of loans provided to CEI and MHC shall not exceed the Singapore dollar equivalent of US$15,000,000.

## 37. Authorisation of financial statements for issue

The financial statements for the year ended 31 March 2008 were authorised for issue in accordance with a resolution of the directors on 9 June 2008.

# statistics of shareholdings

as at 10 June 2008

## DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

| Size of Shareholdings | No. of Shareholders | % | No. of Shares | % |
|---|---|---|---|---|
| 1 - 999 | 297 | 6.52 | 92,530 | 0.01 |
| 1,000 - 10,000 | 2,260 | 49.59 | 13,889,843 | 2.20 |
| 10,001 - 1,000,000 | 1,958 | 42.97 | 98,312,556 | 15.59 |
| 1,000,001 AND ABOVE | 42 | 0.92 | 518,481,747 | 82.20 |
| **TOTAL** | **4,557** | **100.00** | **630,776,676** | **100.00** |

## TWENTY LARGEST SHAREHOLDERS

(as shown in the Register of Members)

| | Name of Shareholders | No. of Shares | % |
|---|---|---|---|
| 1 | ENG KUAN COMPANY PTE LTD | 97,501,408 | 15.46 |
| 2 | NGEE ANN DEVELOPMENT PTE LTD | 57,300,800 | 9.08 |
| 3 | DBS NOMINEES PTE LTD | 51,331,222 | 8.14 |
| 4 | MAYBAN NOMINEES SINGAPORE PTE LTD | 42,458,158 | 6.73 |
| 5 | ONG TJOE KIM | 40,448,160 | 6.41 |
| 6 | CITIBANK NOMINEES SINGAPORE PTE LTD | 25,912,560 | 4.11 |
| 7 | HSBC (SINGAPORE) NOMINEES PTE LTD | 22,963,300 | 3.64 |
| 8 | DYNAMIC HOLDINGS PTE LTD | 21,356,190 | 3.39 |
| 9 | LEROY SINGAPORE PTE LTD | 15,952,506 | 2.53 |
| 10 | GAN TENG SIEW REALTY SDN BHD | 13,674,240 | 2.17 |
| 11 | PHILLIP SECURITIES PTE LTD | 13,176,713 | 2.09 |
| 12 | UNITED OVERSEAS BANK NOMINEES PTE LTD | 12,916,741 | 2.05 |
| 13 | ONG SIOE HONG | 12,253,078 | 1.94 |
| 14 | DBSN SERVICES PTE LTD | 10,600,906 | 1.68 |
| 15 | DBS VICKERS SECURITIES SINGAPORE PTE LTD | 9,706,178 | 1.54 |
| 16 | UOB KAY HIAN PTE LTD | 7,254,000 | 1.15 |
| 17 | MORGAN STANLEY ASIA SINGAPORE PTE LTD | 4,702,940 | 0.75 |
| 18 | OCBC NOMINEES SINGAPORE PTE LTD | 4,665,146 | 0.73 |
| 19 | LEE YUEN SHIH | 4,460,000 | 0.71 |
| 20 | SHAW VEE KING | 4,442,720 | 0.70 |
| | **TOTAL** | **473,076,966** | **75.00** |

# statistics of shareholdings

as at 10 June 2008

## SUBSTANTIAL SHAREHOLDERS

(as shown in the Register of Members)

| Name of Shareholders | No. of shares Direct Interest | Deemed Interest |
|---|---|---|
| Ong Tjoe Kim (Note 1) | 40,448,160 | 141,471,060 |
| Jopie Ong Hie Koan (Note 2) | - | 191,810,104 |
| Eng Kuan Company Private Limited | 97,501,408 | 42,000,000 |
| Dynamic Holdings Pte Ltd | 21,356,190 | 15,000,000 |
| Ong Ling Ling (Note 3) | 48,000 | 36,356,190 |
| Ong Jenn (Note 3) | 48,000 | 36,356,190 |
| Ong Ching Ping (Note 3) | 48,000 | 36,356,190 |
| Ong Sek Hian (Wang ShiXian) (Note 3) | 48,000 | 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 Private 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 Private 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 10 June 2008 is approximately 49.77%. Therefore, Company complies with Rule 723 of the Listing Manual.

## DIRECTORS' SHAREHOLDINGS

(including deemed interests as at 21 April 2008)

| Name of Directors | No. of Shares Shareholdings Registered In The Name of The Directors | Shareholdings In Which The Directors Are Deemed To Have An Interest |
|---|---|---|
| Ong Tjoe Kim | 40,448,160 | 141,471,060 |
| Jopie Ong Hie Koan | - | 191,810,104 |
| Chan U Seek | - | 2,670,996 |
| Phua Bah Lee | - | 60,480 |

# notice of annual general meeting

NOTICE IS HEREBY GIVEN that the Thirty-Fifth Annual General Meeting of the Company will be held at Ballroom II/III, Level 3, Singapore Marriott Hotel, 320 Orchard Road Singapore 238865 on 16 July 2008 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 2008 and the Auditor's Report thereon. (Resolution 1)

2. To approve the payment of a final tax exempt (one tier) dividend of 1.0 cent per ordinary share for the year ended 31 March 2008. (Resolution 2)

3. To re-appoint the following Directors, who are retiring under Section 153(6) of the Companies Act, Cap. 50 of Singapore, to hold office from the date of this Annual General Meeting until the next Annual General Meeting:

   (a) Mr Ong Tjoe Kim. (Resolution 3)

   (b) Mr Chan U Seek. *[see Explanatory Note (a)]*(Resolution 4)

   (c) Mr Jackson Lee Chik Sin. *[see Explanatory Note (a)]*(Resolution 5)

   (d) Mr Phua Bah Lee. *[see Explanatory Note (a)]*(Resolution 6)

4. To re-elect Lt-Gen (Retd) Winston Choo Wee Leong, a Director retiring pursuant to Article 94 of the Company's Articles of Association. *[see Explanatory Note (b)]* (Resolution 7)

5. To approve the Directors' Fees of $ 309,000 for the year ended 31 March 2008 (2007: $245,000). (Resolution 8)

6. To re-appoint auditors and to authorise the Directors to fix their remuneration (Resolution 9)

7. To transact any other business of an Annual General Meeting.

## SPECIAL BUSINESS:

8. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:-

   "That the appointment of Ms Ho Ai Lian as a Director of the Company be and is hereby approved."
   *[see Explanatory Note (c)]* (Resolution 10)

# notice of annual general meeting

9. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:-

   "That notwithstanding the provisions of the Articles of Association of the Company, pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited, the Directors be and are hereby authorised to issue shares in the Company (whether by way of bonus issue, rights issue 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 per cent of the total number of issued shares in the capital of the Company, excluding treasury shares, if any, 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 per cent of the total number of issued shares in the capital of the Company, excluding treasury shares, if any;

   (ii) for the purpose of determining the aggregate number of shares that may be issued under (i) above, the number of issued shares in the capital of the Company, excluding treasury shares, if any, to be issued shall be based on the total number of issued shares in the capital of the Company, excluding treasury shares, if any, at the time of the passing this Resolution, 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 bonus issue, consolidation or subdivision of shares; and

   (iii) unless revoked or varied by the Company in general meeting, such 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 (d)]* (Resolution 11)

**NOTICE IS HEREBY GIVEN** that the Transfer Books and Register of Members of the Company will be closed on 30 July 2008 for the purpose of determining shareholders' entitlements to the proposed final dividend for the year ended 31 March 2008.

Duly completed transfers received by the Company's Registrar, Tricor Barbinder Share Registration Services, 8 Cross Street #11-00 PWC Building, Singapore 048424 up to the close of business at 5:00 p.m. on 29 July 2008 will be registered before shareholders' entitlement to the proposed dividend is determined.

Shareholders (being Depositors) whose securities accounts with the Central Depository (Pte) Limited are credited with shares as at 5:00 p.m. on 29 July 2008, will rank for the proposed dividend.

The proposed dividend, if approved at the Thirty-Fifth Annual General Meeting of the Company to be held on 16 July 2008, will be paid on 12 August 2008.

By Order of the Board
Tan Ching Chek and Lee Chin Yin
Joint Company Secretaries
Singapore
27 June 2008

# notice of annual general meeting

**Explanatory Notes:**

(a) Mr Jackson Lee Chik Sin, Mr Chan U Seek and Mr Phua Bah Lee, if re-appointed, will continue to serve 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 continue to serve as Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees.

Mr Phua Bah Lee, if re-appointed, will continue to serve as Chairman of the Nominating Committee and a member of the Remuneration Committee.

Mr Chan U Seek, if re-appointed, will continue to serve as Chairman of the Remuneration Committee.

(b) Lt-Gen (Retd) Winston Choo Wee Leong, if re-appointed, will continue to serve as the Chairman of the Board and a member of the Nominating and Remuneration Committees. Lt-Gen (Retd) Winston Choo Wee Leong is considered an independent director for purposes of Rule 704(8) of the Listing Manual of Singapore Exchange Securities Trading Limited.

(c) Both the Nominating Committee and the Board of Directors have recommended the appointment of Ms Ho Ai Lian as Director of the Company. Ms Ho will be an independent Director of the Company upon her appointment. The profile of Ms Ho can be found on page 25 of the Company's Annual Report 2008.

(d) The proposed ordinary resolution 11 in item 9 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 limits 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 Annual General 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 of proxy must be deposited at the registered office of the Company, 391A Orchard Road #19-00 Tower A, Ngee Ann City Singapore 238873 not less than 48 hours before the Annual General Meeting.

(iii) The form of proxy must be signed by the appointor or his attorney duly authorised in writing. In the case of joint shareholders, all holders must sign the form of proxy.

# Metro Holdings Limited

Company Registration No: 197301792W
(Incorporated in the Republic of Singapore)

**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 not valid for use by CPF investors, and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

# annual general meeting proxy form

I/We ______________________________ (Name)

of ______________________________ (Address)

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

| Name | Address | NRIC/Passport Number | Proportion of Shareholdings (%) |
|---|---|---|---|
| | | | |

and/or (delete as appropriate)

| Name | Address | NRIC/Passport Number | Proportion of Shareholdings (%) |
|---|---|---|---|
| | | | |

or failing the person, or either or both of the persons, referred to above, 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 16 July 2008 and at any adjournment thereof in the following manner:

| No. | Resolutions relating to | For | Against |
|---|---|---|---|
| 1. | Adoption of Reports and Accounts | | |
| 2. | To approve Final Dividend | | |
| 3. | (a) Re-appointment of Mr Ong Tjoe Kim pursuant to Section 153(6) of Companies Act, Cap 50 | | |
| | (b) Re-appointment of Mr Chan U Seek pursuant to Section 153(6) of Companies Act, Cap 50 | | |
| | (c) Re-appointment of Mr Jackson Lee Chik Sin pursuant to Section 153(6) of Companies Act, Cap 50 | | |
| | (d) Re-appointment of Mr Phua Bah Lee pursuant to Section 153(6) of Companies Act, Cap 50 | | |
| 4. | Re-election of Lt-Gen (Retd) Winston Choo Wee Leong, a Director retiring under Article 94 of the Articles of Association | | |
| 5. | To approve Directors' Fees | | |
| 6. | Re-appointment of Auditors and authorisation of directors to fix their remuneration | | |
| 7. | Any other business | | |
| | SPECIAL BUSINESS | | |
| 8. | To approve the appointment of Ms Ho Ai Lian as a Director | | |
| 9. | To approve the Ordinary Resolution pursuant to Section 161 of the Companies Act, Cap 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 will vote or abstain from voting at his/her discretion, as he/she will on any other matter arising at the Meeting.

Dated this ____________ day of ____________ 2008.

| Total No. 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. A proxy need not be a member of the Company.

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. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the Meeting.

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, Cap. 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 391A Orchard Road #19-00 Tower A, Ngee Ann City Singapore 238873 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.