

# METRO HOLDINGS LIMITED

Annual Report 2010



china / malaysia / indonesia / singapore

DYNAMIC REBALANCING FOR GROWTH



**METRO HOLDINGS LIMITED**

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## OUR VISION



Building on the synergies of our rich retail experience, strong foothold in the People's Republic of 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\$150.9 million and net assets of S\$995.7 million as at March 31, 2010.

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 the People's Republic of China, Indonesia and Singapore.



METRO CITY,  
BEIJING



METRO CITY,  
SHANGHAI



EC MALL,  
BEIJING



METRO TOWER,  
SHANGHAI



METROPOLIS TOWER,  
BEIJING



GIE TOWER,  
GUANGZHOU



1 FINANCIAL STREET,  
BEIJING



GURNEY PARK,  
PENANG



METRO STORE,  
SINGAPORE



METRO STORE,  
JAKARTA



### PROPERTY DEVELOPMENT AND INVESTMENT

The Group's property arm has interests in almost 279,000 square metres of prime retail and office properties in first-tier cities in the People's Republic of China ("the PRC"), such as Beijing, Shanghai and Guangzhou, and also holds significant investments in certain property businesses in the PRC. The property arm also has a small presence in Malaysia.

### RETAIL

Metro's retail arm serves customers through a chain of four Metro department stores and six specialty "Monsoon 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 879,000 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 our Annual Report for the financial year ended March 31, 2010 ("FY2010").

Our portfolio of Grade-A properties in Tier-1 cities in the People's Republic of China ("PRC") helped the Group to weather the unprecedented global economic crisis in 2009. This same portfolio of quality property assets were amongst the first to benefit from the improved business sentiment as the global economy picked up in the year under review.

The Group's pretax profit jumped almost three-fold from S\$38.9

million in the financial year ended March 31, 2009 ("FY2009") to S\$115.0 million in FY2010. This was due to gains from higher income from the Property Division, fair value adjustments on investment properties and an increase in fair value of the Group's portfolio of short-term investments.

Group revenue increased to S\$151.0 million in FY2010, from S\$138.5 million in the previous financial year. Revenue for our core Property Division rose 4.6% from S\$52.3 million in FY2009 to S\$54.7 million in FY2010, mainly due to higher rental income resulting from higher contributions from Metro City, Beijing and two new properties at EC Mall and Metropolis Tower in Beijing. Overall, our Group's four mature properties in the first-tier cities of the PRC continue to enjoy healthy occupancy rates, averaging 80.4%.

The Group's Property Division continued to post healthy revenue and a three-fold jump in pretax profit to S\$108.8 million. Pretax profit from this division contributed 94.6% of total pretax profit for the Group.

In line with the pick-up in consumer sentiment, our Retail Division posted a higher profit than the previous financial year. In addition, the new Metro City Square department store contributed to the increase in retail revenue.

As such, Group net profit attributable to shareholders

increased by 138.2% from S\$39.4 million in FY2009 to S\$93.9 million in FY2010.

## Property Development and Investment

We are pleased to report healthy occupancy rates averaging 80.4% for our four mature properties in the PRC's first-tier cities - Metro City, Shanghai, Metro City, Beijing, GIE Tower, Guangzhou and Metro Tower, Shanghai - despite ongoing asset enhancement works at Metro City, Shanghai. Collectively, these four properties have a total lettable area of almost 225,000 square metres.

Opened in the second quarter of FY2010, EC Mall and Metropolis Tower, both in Beijing, have started to make meaningful contributions to the Group's bottomline.

EC Mall in Beijing saw occupancy rising to 63.2% while Metropolis Tower saw occupancy rate improving to 59.1%, in line with the pick-up in demand for office space. These two properties have a total lettable area of 53,700 square metres, which will bring our Group's total lettable area in the PRC to over 278,700 square metres.

The Group has also invested approximately US\$30.0 million for a 10.7% effective interest in three projects in the PRC, which are developed by China Property Holdings (HK) Limited, a wholly-owned subsidiary of Tesco plc, the third largest grocery retailer in the world.

The three development projects are located in PRC's third-tier cities – Tesco Lifespace in QinHuangDao, Tesco Living Mall in Fushun and Tesco Living Mall in Anshan. The first two projects have been completed early this year. Tesco Living Mall, Anshan, is expected to be completed in September this year. Altogether, these three projects have a total lettable area of almost 113,000 square metres.

In Property Investment, we continue to own 1.6% of Shui On Land Ltd.

To further enhance our Property Development and Investment Division, we will prudently leverage on our strong foothold in China and seek out strategic partnerships.

### Retail Operations

Revenue for the retail segment rose 11.8% from S\$86.2 million in FY2009 to S\$96.3 million in FY2010, notwithstanding the highly competitive retail trade environment. This was due to improved consumer sentiment as well as an increase in retail revenue contributed by the newly opened Metro City Square department store. Sales and profitability of our Indonesian associated company remained relatively stable.

We now have four department stores in Singapore, five in Jakarta and Bandung, Indonesia, occupying a total of 879,000 square feet of downtown and suburban retail space. The Group will open two new Metro department stores in

Indonesia, namely Metro Makassa, targeted to open later this year, and Metro Gandaria, targeted to open toward the end of the year. In addition, we also have six "Monsoon/Accessorize" specialty shops in Singapore under our retail portfolio.

Going forward, we intend to enhance our merchandise offering by adding new specialty shops and improving on our existing retail platforms. To create a value-added retail experience for our valued customers, we are constantly in the process of improving customer service and upgrading our customer relationship management systems. We are also looking to adopt a new marketing platform to reach out to a wider consumer base.

### Corporate Social Responsibility

At Metro, we remain committed to offering underprivileged children a healthy childhood with opportunities for education. For over 10 years, the Group has continuously supported students from below poverty lines in the Xujiahui District in Shanghai, China, through monetary contributions; and more recently, the setting up of a school in the poorer province of Anhui. The Group has completed the refurbishment of a 50-year-old primary school last year which now provides education to 450 primary students.

The "Metro for Children" charity is an annual fundraising initiative that aims to build a brighter future

for underprivileged children in the region. Last December, together with Singapore International Foundation and Pioneer Junior College, we spearheaded a Christmas drive with the purpose of raising funds to provide a better quality of education to children, as well as to build a multi-purpose hall for our adopted high school in Bandung, Indonesia.

In addition, our Group advocates going green and caring for the environment. We specially produced eco-friendly cotton bags for sale during the fundraising period last year, achieving both aims of conserving the environment as well as forging a path for these children to take a step closer to receiving quality education.

### Outlook

For our Property segment, in line with the positive sentiments of the property sector in the PRC's first-tier cities, we expect rental income from our four mature properties to grow steadily. We are heartened to see a steady increase in occupancy at our two newly completed properties in Beijing, EC Mall and Metropolis Tower, and expect these properties to be supportive of overall rental growth and in time, contribute to the bottom-line. As part of our strategy of dynamic rebalancing, we are in the process of disposal of 1 Financial Street in Beijing. This disposal is targeted to be completed by 2QFY2011.

We are optimistic of our joint investment in the three Tesco



# CHAIRMAN'S STATEMENT

projects. We see immense potential for growth in these third-tier cities, and in general, we remain positive toward the PRC's long-term growth prospects. We will continue to leverage on our strong reputation, extensive network of contacts, track record of over 20 years of experience in the PRC and experienced management team for robust and sustained growth in this country.

We have also recently acquired Frontier Koishikawa Building, an office building in Tokyo, Japan. The 9-storey building which offers 5,082 square metres of lettable office space is currently 85.4% occupied and will provide an immediate flow of rental income.

For the Retail Division, we have noted the pick-up in consumer sentiments in Singapore and Indonesia. In addition, we are confident that the new Metro City Square Department store in Singapore will continue to contribute to top-line sales performance.

Mindful that the trading environment for the retail trade is expected to remain competitive, we will continue to enhance our merchandise offering and identify new and viable sites to expand our retail network.

## Strong Balance Sheet

With a healthy cash position of S\$174.1 million, the Group's balance sheet remains strong.

The Group's shareholders' equity increased to almost S\$1 billion (S\$990.9 million) and our net gearing remains low at 0.04 times as at March 31, 2010. This allows the Group greater flexibility for good investment opportunities as we grow our commercial and retail property business in the PRC and the Asia-Pacific region. Overall, we will prudently leverage on our strong balance sheet to grow our business.

## In Memorium

During the year under review, we lost two persons who had contributed significantly to the Group.

Our founder, Mr Ong Tjoe Kim, passed on last year. The late Mr Ong opened the first Metro store in 1957 and subsequently served as Executive Chairman of Metro since its incorporation and listing on the Stock Exchange of Singapore in 1973 up till 2007. On behalf of the Board, we want to recognise Mr Ong for his pioneering foresight and years of invaluable counsel and contribution, laying a strong foundation for the Group.

Mr Chan U Seek, a director of the company, passed away late last year. The late Mr Chan served as an Independent Director of Metro since its listing in 1973. Mr Chan was the Chairman of the Remuneration Committee and a member of the Audit Committee. The Board would also like to record the Group's appreciation

for his many years of service and contribution.

## Final Dividend

I would also like to take this opportunity to thank our business partners, associates and shareholders for their confidence in the Group over the past year. To reward our loyal shareholders, the Directors have proposed a special dividend of one Singapore cent and an ordinary final dividend of two Singapore cents per share. This translates to a payout ratio of 20.3% of the Group's net profit attributable to shareholders.

In closing, I wish to extend my deepest appreciation to my fellow Board members for their invaluable insights and guidance. I also wish to thank the management and staff of Metro for their unwavering commitment, dedication and diligence.

Moving forward, as the Group faces new challenges and boundless opportunities, the Board will look towards our shareholders, management and staff as well as business associates for their continuing support and commitment to the Group.

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

June 7, 2010

# 主席致词



我很荣幸代表美罗董事会呈报截至2010年3月31日（“2010财政年度”）的年度报告。

我们在中华人民共和国（“中国”）一线城市里持有的A级产业组合帮助集团度过了2009年前所未有的全球经济风暴。该优良的产业组合也在全球经济好转的同时优先受益。

集团的税前盈利在2010财政年度增长到1.15亿新元，同比2009财政年度的3,890万新元猛增近三倍。这主要归因于房地产业务收入的增长、投资产业的公允价值调整以及集团短期投资公允价值

的增长。

集团2010财政年度的收益从2009年的1.385亿新元提高到1.51亿新元。而我们核心的房地产业务收益则上升了4.6%，从2009财政年度的5,230万新元升至2010财政年度的5,470万新元。这主要来自北京美罗城与北京两个新物业，即欧美汇购物中心（EC Mall）和都会大厦的租金增长。集团在中国一线城市的4个成熟房地产项目继续享有良好的出租率，平均达到80.4%。

本集团的房地产业务仍享有着稳健的收益，且税前盈利也增长了三倍，达到1.088亿新元。房地产业务的税前盈利占全集团税前盈利的94.6%。

随着消费市场信心 and 环境的改善，集团的零售业务取得了比去年同期更好的盈利。除此之外，新开业的美罗城广场百货商店也帮助促进了整体零售收益的表现。

因此，集团2010财政年度的股东应占净盈利上升了138.2%，从2009财政年度的3,940万新元增长到2010财政年度的9,390万新元。

## 房地产开发和投资

我们感到欣慰的是集团在中国一线城市已经成熟的4个房地产项目，即上海美罗城，北京美罗城，广州国际电子大厦以及上海美罗大厦已经达到平均80.4%的良好出租率，尽管上海美罗城正

在进行一系列物业增值的工程。这4个房地产项目拥有共225,000平方米的可出租面积。

在2010财政年度第二季度开业的北京欧美汇购物中心（EC Mall）和都会大厦也开始对提高集团的盈利额作出贡献。

北京欧美汇购物中心（EC Mall）的出租率已增长到63.2%，而同时都会大厦的出租率也随着市场对办公楼需求的增加而进一步提高到59.1%。这两个房地产项目拥有总共53,700平方米的可出租面积。这将把本集团的全部可出租面积提高到278,700平方米以上。

集团也投资了大约3,000万美元在China Property Holdings (HK) Limited在中国开发的三个项目上。集团在这三个项目中的直接股份为10.7%，而China Property Holdings (HK) Limited则是世界排名第三大杂货零售商Tesco plc“乐购”的全资附属子公司。

这三个开发项目坐落在中国三线城市中 – 即秦皇岛的Tesco Lifespace、抚顺的Tesco Living Mall和鞍山的Tesco Living Mall。前两个项目已在今年年初完工开业。鞍山的Tesco Living Mall预计将在今年的九月份全部完成。这三个房地产项目总共的可出租面积达到将近113,000平方米。

在房地产投资方面，集团仍然拥有瑞安房地产有限公司1.6%的股权。

# 主席致词

为了能继续发展我们的房地产开发和投资业务，我们会尽力运用美罗在中国的稳固基础寻找更多的战略投资伙伴。

## 零售业的运营

即使在零售领域激烈竞争的环境下，集团零售业方面在2010财政年度中取得了9,630万新元的收益，同比2009财政年度8,620万新元的收益增长了11.8%。这是由于消费市场信心和环境的改善，以及新开业的美罗城广场百货商店所带来的业务增长促进了零售收益方面的整体表现。集团在印尼的联营公司仍保持稳定的零售收益和盈利。

目前，在新加坡，我们共有4家百货商店，在印尼雅加达和万隆共拥有5家百货商店，同时在市中心和郊区的总零售面积已经达到879,000平方米。集团还将在印尼推出两家新的美罗百货商店，其中预计Metro Makassa会在今年下半年开业，而Metro Gandaria则会在今年年底左右开业。另外，集团在新加坡拥有6家在美罗零售旗下运营的“Monsoon/Accessorize”专卖店。

展望未来，集团将继续考虑相关策略和引进新的品牌来更新商品的组合并增添专卖店。为了能给我们的顾客最优质的购物体验，我们一直在提高零售业的服务，以及开发新的客户服务管理系统。我们也将采用新的营销平台吸引更多元化的顾客群。

## 企业社会责任

在美罗集团，我们一直致力于帮助贫困儿童并为其提供接受教育的机会以及一个健康的童年。在过去10年来，集团始终不停的通过捐款捐助的方式帮助在上海[徐汇区]贫困线以下的学生们，而最近更是为偏远贫困的安徽县兴建了学校。集团在去年帮助当地一所建校已50年的小学校完成了全面翻新的工作，而如今新的校舍可为450名小学生提供良好舒适的教育环境。

在2001年，我们开始推出一年一度为本区域贫困不幸儿童募捐的“Metro for Children”慈善活动。去年十二月，我们同新加坡国际基金会和先锋初级学院首次联合主办了一个圣诞节筹款活动。该次筹款的主要目的是为了能给儿童更好的求学机会，同时为我们在印尼万隆资助的一所高中学府兴建一个多功能礼堂。

此外，集团也倡导绿色环保以及爱护环境的理念。为此，我们特地制作了环保袋，以便在去年的慈善活动中为募捐而出售。这样做一举两得，既可以环保，也可以帮助需要资助的孩子们接受更好的教育。

## 未来展望

在房地产方面，我们相信集团在中国一线城市的4个成熟的物业将在房地产领域的正面发展影响下享有持续稳定的租金增长。对

于北京两个最新完成的物业，让我们感到欣慰的是欧美汇购物中心 (EC Mall) 和都会大厦的出租率正处于稳定的增长中，而我们也坚信这两项物业会继续帮助提高我们的整体盈利表现。作为我们战略调整的一部分，我们正在进行出售北京金融街1号的过程中。该物业的出售交易预计将在2011财政年度第二季度完成。

集团看好与Tesco“乐购”合资开发的三个房地产项目。我们认为这些中国三线城市拥有巨大的增长潜力。总体而言，我们仍对中国长期的发展前景持有乐观态度。我们将继续凭借自身良好的声誉、广泛的关系网、超过20年在中国的业绩以及拥有丰富经验的团队，拓展集团在中国可持续发展的长期发展。

集团最近收购了一座位于日本东京的办公楼物业Frontier Koishikawa Building。这座9层楼高的物业拥有总共5,082平方米的可出租面积以及85.4%的现有出租率，而该项目也可以立即产生租金收入。

在零售方面，我们注意到新加坡和印尼的消费者信心和景气都有所恢复。此外，我们相信在新加坡新开张的美罗城广场百货商店将继续帮助提高我们的整体零售收益。

我们也切记当前零售业的激烈竞争将会继续下去，因此我们会着重提升我们零售物品的种类和项

目以及寻找更多合适的地点来扩充我们的零售网络。

### 实力雄厚的资产负债表

截至2010年3月31日，0.04倍的低财务杠杆率以及拥有1.741亿新元的良好现金状况充分说明了集团雄厚的资产实力。而集团的股东权益则在同期增长到约10亿(9.909亿)新元。这使集团在遇到合适的机遇时可以更灵活的掌握和扩充其在中国和亚太地区的房地产及零售业务。但总体而言，我们仍将谨慎地运用我们实力雄厚的资产负债表来扩展业务。

### 哀悼

去年，我们失去了曾为美罗集团做出卓越贡献的两位前辈。

我们的创办人，王梓琴先生于去年过世。王先生生前在1957年开办了第一家美罗百货商店，自从公司成立并于1973年在新加坡证券交易所上市以来就一直担任美罗的执行主席，直至2007年。我谨代表董事会，对他的远见、具

有开拓性的宝贵意见、无私的奉献和为集团打造坚实基础所作出的贡献表示万分的致意。

集团的董事之一，陈有锡先生于去年年底过世。陈有锡先生自1973年起就受委担任美罗的独立董事。他曾是薪酬委员会的主席以及审计委员会的成员。董事会也在此对陈先生多年无私的贡献表示感激。

### 期末股息

我也希望借此机会感谢我们的商业合作伙伴、公司同事以及广大股东过去多年来对美罗集团的信任与支持。为了回报股东，董事们提议派发每股0.01新元的额外股息和每股0.02新元的期末股息。这相当于2010财政年度集团股东应占净盈利20.3%的派息率。

作为总结，我希望对我们董事会所有成员的宝贵见解表示敬意。最后我要感谢美罗集团全体员工和管理人员在上一个财政年度里所表现出的坚定奉献以及敬业尽

职的精神。

今后，我们仍然要依靠集团股东、员工和管理层，以及广大业务伙伴的持续支持和帮助，以迎接和面对未来的任何挑战和机遇。

**朱维良中将**  
主席

June 7, 2010  
2010年6月7日



## PORTFOLIO REVIEW

### Completed Properties

The Group achieved a commendable average occupancy rate of 80.4% for its portfolio of four mature properties located in the PRC. This is despite Metro City, Shanghai undergoing asset enhancement works, which has affected its occupancy rate.

The Group's new properties in Beijing - EC Mall and Metropolis Tower, which were completed in late 2QFY2010, enjoyed occupancy rates of 63.2% and 59.1% respectively, and are expected to be supportive of overall rental growth and, in time, contribute to top-line.

In Penang, the Gurney Plaza Extension continued to enjoy a high occupancy rate of 98.7%.

### Occupancy Rates

	FY2009 (%)	FY2010 (%)
Metro City, Shanghai	94.2	86.8
Metro City, Beijing	65.6	74.6
GIE Tower, Guangzhou	82.7	86.4
Metro Tower, Shanghai	98.6	73.9
EC Mall, Beijing <sup>(1)</sup>	—	63.2
Metropolis Tower, Beijing <sup>(1)</sup>	—	59.1
Gurney Plaza Extension, Penang	98.1	98.7
1 Financial Street, Beijing	18.0	41.0

<sup>(1)</sup> Completed in late 2QFY2010

As at March 31, 2010, the Group's investment properties, which have been independently appraised by professional valuers, reflected an overall increase which would have been higher if not for the strengthening of the Singapore Dollar against the Chinese Yuan.





“The Group achieved a commendable average occupancy rate of 80.4% for its portfolio of four mature properties located in the PRC. This is despite Metro City, Shanghai undergoing asset enhancement works, which has affected its occupancy rate.”

#### Property Valuation (100%)

	FY2009 (S\$'m)	FY2010 (S\$'m)	%
Metro City, Shanghai	226	234	+3.5
Metro City, Beijing	334	337	+0.9
GIE Tower, Guangzhou	99	96	-3.0
Metro Tower, Shanghai	181	178	-1.7
EC Mall, Beijing <sup>(1)</sup>	–	329	N.A.
Metropolis Tower, Beijing <sup>(1)</sup>	–	124	N.A.

<sup>(1)</sup> Completed in late 2QFY2010

Note: Above figures represent 100% of the property valuations

The Group believes that the property rental market in the PRC is on a stabilising trend and the outlook is positive for the year ahead.

#### Expiry Profile by Gross Rental Income

	1HFY2011 (%)	2HFY2011 (%)
Metro City, Shanghai	18.72	6.81
Metro City, Beijing	0.13	0.53
GIE Tower, Guangzhou	4.02	15.49
Metro Tower, Shanghai	0.89	2.63
EC Mall, Beijing	–	–
Metropolis Tower, Beijing	–	–



# PORTFOLIO REVIEW

## METRO CITY, SHANGHAI

### Xujiahui, Shanghai, PRC

#### Project Description

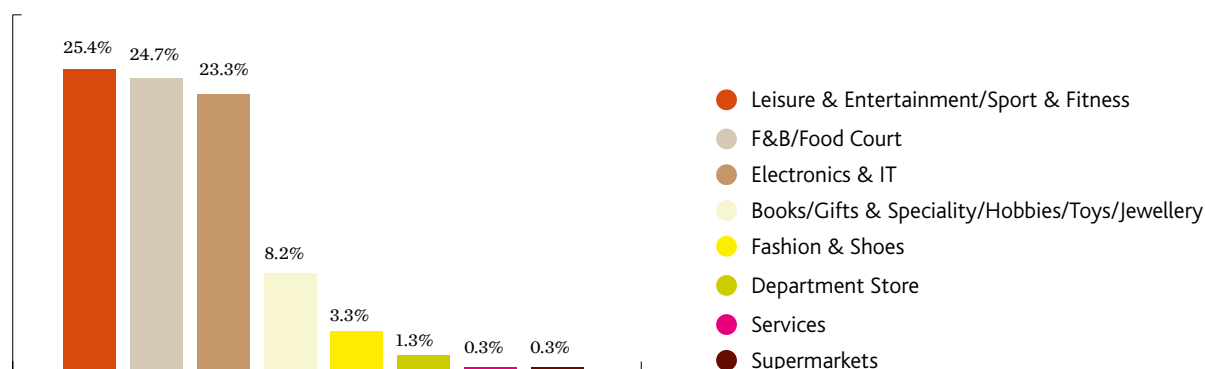
Strategically located at Xujiahui, Shanghai, Metro City, Shanghai is a lifestyle entertainment centre with nine levels of retail space spanning over 40,300 square metres. It is directly linked to an underground MRT, which draws in high shopper traffic.

Metro City is currently undergoing asset enhancement works. Despite this, it has a healthy occupancy rate of 86.8% as at March 31, 2010.



% owned by Group	60%
Site area (sqm)	15,342
<b>Lettable Area (sqm)</b>	<b>40,319</b>
Tenure	36 year term from 1993
No. of Tenants	86
Occupancy Rate (%)	86.8
Valuation (100%)	S\$234 million

#### Tenant Mix by Lettable Area (As at March 31, 2010)



#### Top 10 Tenants (As at March 31, 2010)

Name of Tenant	Trade Sector	% of Total Lettable Area
Buynow Computer World	Electronics & IT	18.79
Physical Fitness & Beauty Centre	Leisure & Entertainment/Sport & Fitness	10.00
Kodak Cinema World	Leisure & Entertainment/Sport & Fitness	8.38
Popular Bookmall	Books/Gifts & Specialty/Hobbies/Toys/Jewellery	7.28
Megabite	F&B/Food Court	6.94
HAOLEDI KTV	Leisure & Entertainment/Sport & Fitness	5.32
DAGAMA BBQ	F&B/Food Court	2.29
Pizza Hut	F&B/Food Court	1.83
Starbucks	F&B/Food Court	1.78
KFC	F&B/Food Court	1.72

## METRO CITY, BEIJING

Chaoyang District, Beijing, PRC



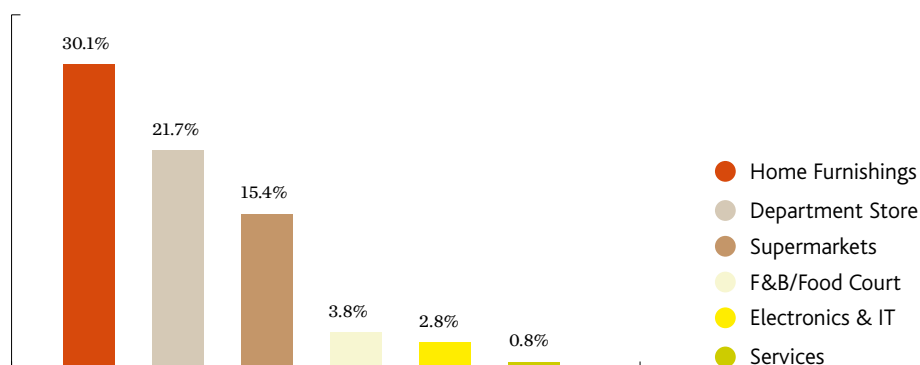
### Project Description

Metro City, Beijing is a 5-storey, 2-basement retail mall with almost 117,000 square metres of nett lettable area. It is located in East Beijing, in the Chaoyang District, a major district with a population of over 1.7 million.

Metro City, Beijing, which is still undergoing adjustments of its retail tenant mix, achieved an occupancy rate of 74.6% as at March 31, 2010.

% owned by Group	50%
Site area (sqm)	32,484
<b>Lettable Area (sqm)</b>	<b>116,973</b>
Tenure	40 year term from 2004
No. of Tenants	14
Occupancy Rate (%)	74.6
Valuation (100%)	S\$337 million

### Tenant Mix by Lettable Area (As at March 31, 2010)



### Top 10 Tenants (As at March 31, 2010)

Name of Tenant	Trade Sector	% of Total Lettable Area
Hong Xing	Home Furnishings	30.12
Parkson Department Store	Department Store	21.49
Walmart Supercentre	Supermarkets	15.43
Gome Electrical	Electronics & IT	2.84
Lucky Time Food Court	F&B/Food Court	2.35
Han Nan Shan	F&B/Food Court	0.65
Pizza Hut	F&B/Food Court	0.45
KFC	F&B/Food Court	0.38
China Construction Bank	Services	0.33
Watson	Department Store	0.18

# PORTFOLIO REVIEW

## GIE TOWER, GUANGZHOU

Dongshan District, Guangzhou, PRC

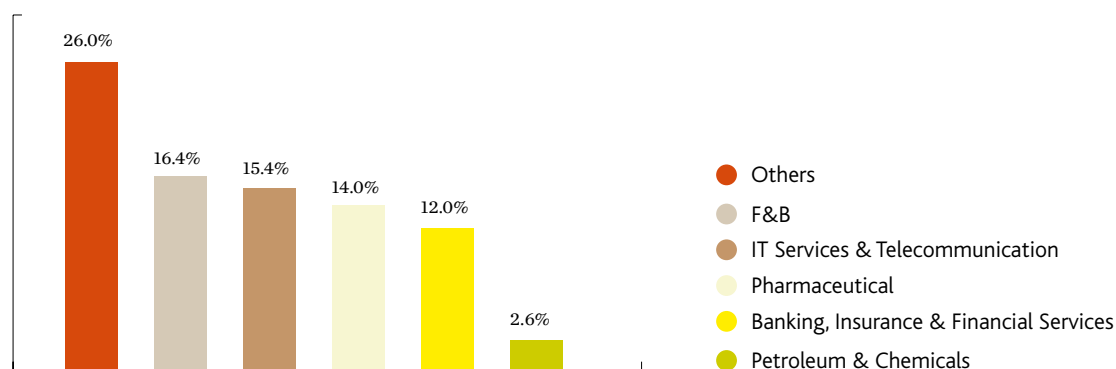
### Project Description

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 March 31, 2010, GIE Tower enjoys over 86.4% occupancy.



% owned by Group	100%
Site area (sqm)	–
<b>Lettable Area (sqm)</b>	28,390
Tenure	50 year term from 1994
No. of Tenants	41
Occupancy Rate (%)	86.4
Valuation (100%)	S\$96 million

### Tenant Mix by Lettable Area (As at March 31, 2010)



### Top 10 Tenants (As at March 31, 2010)

Name of Tenant	Trade Sector	% of Total Lettable Area
Jin Yu Restaurant	F&B	12.68
Ericsson	IT Services & Telecommunication	11.89
Guang Dong Development Bank	Banking, Insurance & Financial Services	6.34
New Times Securities	Banking, Insurance & Financial Services	4.66
Swiss Ya Pei	Pharmaceutical	4.17
Roche	Pharmaceutical	4.17
Carat Advert GZ Company	Others	4.17
Evergreen	Others	3.53
APL Cruise Ship	Others	3.09
Toshiba	IT Services & Telecommunication	2.92

## METRO TOWER, SHANGHAI

Xujiahui, Shanghai, PRC



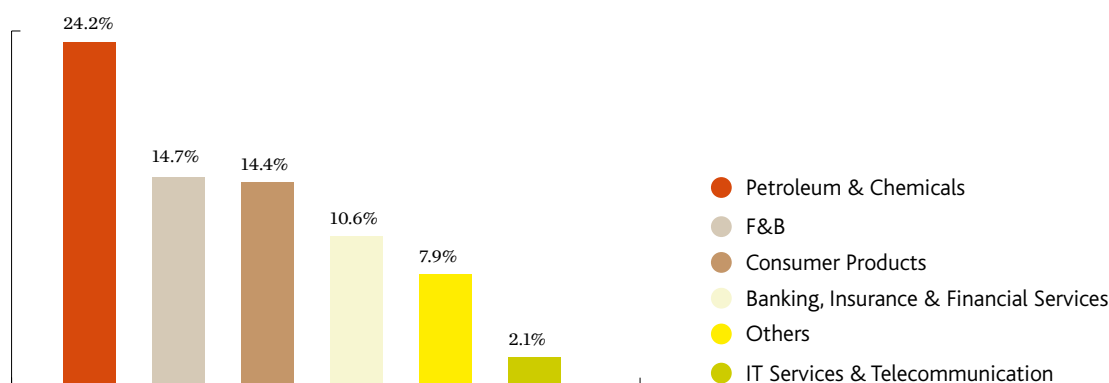
### Project Description

Located next to Metro City, Shanghai, Metro Tower offers almost 40,000 square metres of Grade A office space, spread out across 26 floors.

As at March 31, 2010, Metro Tower, Shanghai has an occupancy rate of 73.9%, supported by a strong multi-national tenant base.

% owned by Group	60%
Site area (sqm)	5,247
<b>Lettable Area (sqm)</b>	<b>39,295</b>
Tenure	50 year term from 1993
No. of Tenants	20
Occupancy Rate (%)	73.9
Valuation (100%)	S\$178 million

### Tenant Mix by Lettable Area (As at March 31, 2010)



### Top 10 Tenants (As at March 31, 2010)

Name of Tenant	Trade Sector	% of Total Lettable Area
Exxon Mobil	Petroleum & Chemicals	20.55
Swatch Group	Consumer Products	9.78
KFC	F&B	8.44
AIA	Banking, Insurance & Financial Services	6.72
Pizza Hut	F&B	5.93
Faith Cosmetics	Consumer Products	4.22
Agricultural Bank of China	Banking, Insurance & Financial Services	3.84
Cummins	Others	3.26
Lucite International	Petroleum & Chemicals	1.93
Sekisui	Petroleum & Chemicals	1.71



## PORTFOLIO REVIEW

### METROPOLIS TOWER, BEIJING

Haidian District, Beijing, PRC

#### Project Description

Located in ZhongGuanCun, Haidian District, in Northwest Beijing, Metropolis Tower is a 19-storey, 4-basement office tower, which offers about 25,000 square metres of leaseable Grade A office space. ZhongGuanCun, also known as Beijing's "Silicon Valley", is an IT-oriented zone with many universities, science academies and research institutions. Recently completed in late 2QFY2010, this property has an occupancy rate of 59.1%, and going forward, is expected to rise steadily.

% owned by Group	25.05%
Site area (sqm) (Part thereof)	26,735
<b>Lettable Area (sqm)</b>	<b>24,701</b>
Tenure	50 year term from 2001
No. of Tenants	7
Occupancy Rate (%)	59.1
Valuation (100%)	S\$124 million



### EC MALL, BEIJING

Haidian District, Beijing, PRC

#### Project Description

Located next to Metropolis Tower at ZhongGuanCun, Haidian District, EC Mall is a 6-storey, 4-basement retail mall, which offers 29,000 square metres of leaseable retail space. Recently completed in late 2QFY2010, it has an occupancy rate of 63.2%, and is expected to be supportive of rental growth going forward.

% owned by Group	25.05%
Site area (sqm) (Part thereof)	26,735
<b>Lettable Area (sqm)</b>	<b>28,993</b>
Tenure	50 year term from 2001
No. of Tenants	48
Occupancy Rate (%)	63.2
Valuation (100%)	S\$329 million



## GURNEY PLAZA EXTENSION, PENANG

Gurney Drive, Penang, Malaysia



### Project Description

Completed in November 2008, the extension of the 8-storey, 1-basement Gurney Plaza retail mall comprises over 12,500 square metres of leasable space and several floors of carpark spaces.

% owned by Group	49%
Site area (sqm)	7,660
<b>Lettable Area (sqm)</b>	<b>12,577</b>
Tenure	Freehold
No. of Tenants	53
Occupancy Rate (%)	98.7

## 1 FINANCIAL STREET, BEIJING

Xi Cheng District, Beijing, PRC



### Project Description

1 Financial Street is located in the Financial Street Area, Xi Cheng District, Beijing's central business district. Completed in the fourth quarter of FY2009, 1 Financial Street, which comprises three portions – a 4-storey podium connecting two office towers and three levels of basement - offers over 77,043 square metres of leasable space.

% owned by Group	45%
Site area (sqm)	12,420
<b>Lettable Area (sqm)</b>	<b>77,043</b>
Tenure	50 year term from 2002
No. of Tenants	22
Occupancy Rate (%)	41.0

# PORTFOLIO REVIEW

## Tesco Lifespace, QinHuangDao

QinHuangDao, Hebei, PRC

### Project Description

Located on the south side of Hebei Avenue and the junction of Hebei Avenue and Wenhua Road, Haigang District, Qinhuangdao, Hebei Province, the PRC, Tesco Lifespace is a 4-storey, 2-basement retail mall, which offers 30,259 sqm of leaseable retail space. The mall has achieved 94.0% occupancy rate since its opening on January 15, 2010.

% owned by Group	10.7%
Site area (sqm)	31,808
<b>Lettable Area (sqm)</b>	<b>30,259</b>
Tenure	40 year term from 2005
No. of Tenants	223
Occupancy Rate (%)	94.0



## Tesco Living Mall, Fushun

Fushun City, Liaoning, PRC

### Project Description

Located at No. 1 Xinhua Street, Shuncheng District, Fushun City, Liaoning Province, the PRC, Tesco Living Mall Fushun is a mixed development with a 5-storey, 2-basement retail mall that offers 34,662 sqm of leaseable retail space, 200 residential units and 493 SOHO units. The retail mall opened on January 29, 2010.

% owned by Group	10.7%
Site area (sqm)	18,800
<b>Lettable Area (sqm)</b>	<b>34,662</b>
Tenure	40 year term from 2007
No. of Tenants	273
Occupancy Rate (%)	82.0





## Properties Under Development

### Tesco Living Mall, Anshan



#### Anshan City, Liaoning, PRC

##### Project Description

The development under construction known as Tesco Living Mall Anshan is situated west of Jianguonan Road, Tiedong District, Anshan City, Liaoning Province, the PRC. The development comprises of a 5-storey, 1 basement retail mall, which offers 47,971 sqm of leaseable retail space, 1,656 residential units, 1,459 service apartment units and 16 skirt commercial units upon completion.

% owned by Group	10.7%
<b>Lettable Area (sqm)</b>	47,971
Tenure	40 year term from 2009
Expected Completion	September 2010

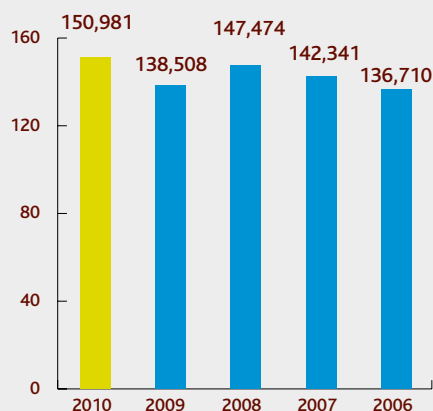
### Property Investments

The Group owns about 1.6% of Shui On Land Ltd, a leading property developer in the PRC, and remains optimistic of its long-term investment prospects. The Group also owns US\$18 million of bonds, issued by majority owners of the 360-room, 5-star Crowne Plaza Hotel in Beijing, the PRC.

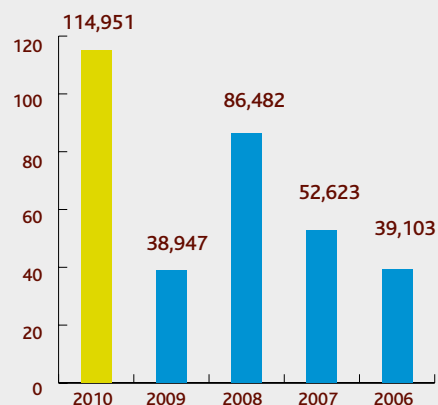


# FINANCIAL HIGHLIGHTS

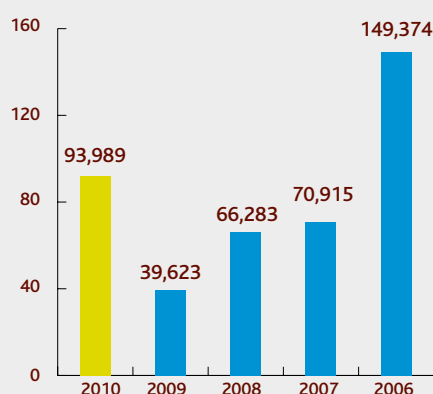
**Turnover**  
(S\$'000)



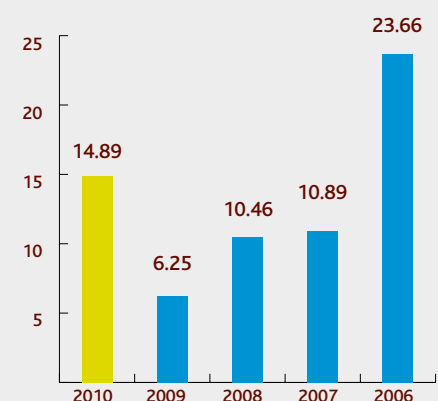
**Profit from operating activities**  
(before exceptional items and tax)  
(S\$'000)



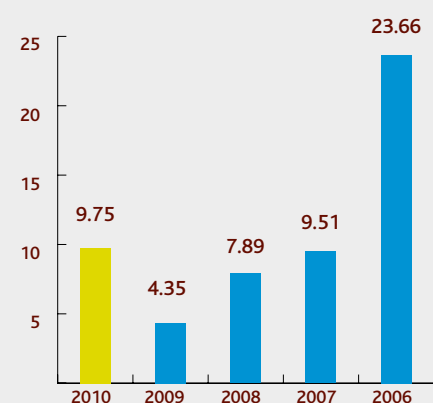
**Profit from continuing operations**  
after taxation  
(S\$'000)



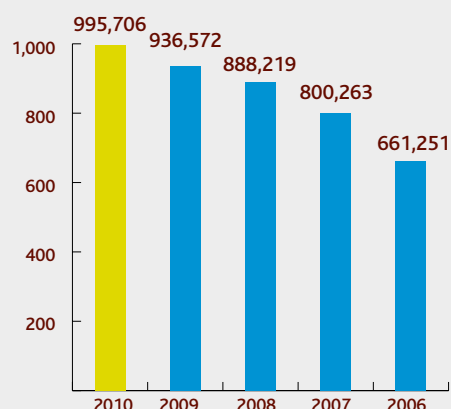
**Earnings per share**  
(Cents)



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

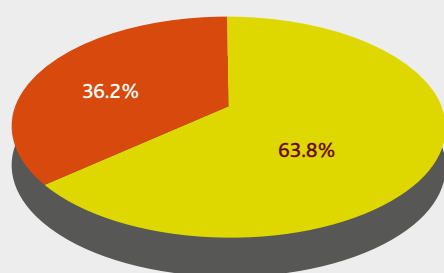


**Total net assets**  
(S\$'000)

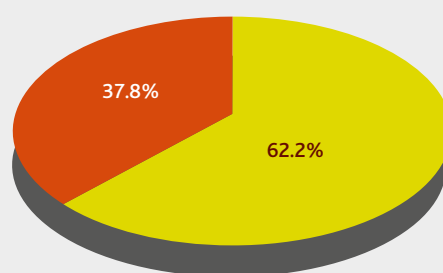




### Turnover by business segments (%)

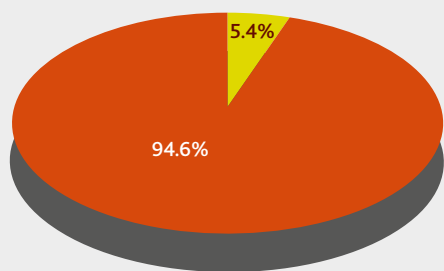


2010

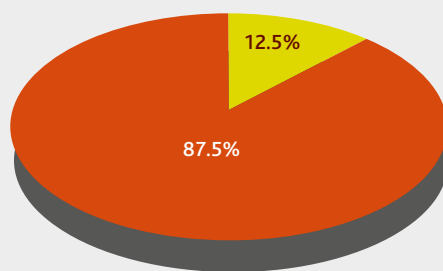


2009

### PBT by business segments (%)



2010



2009

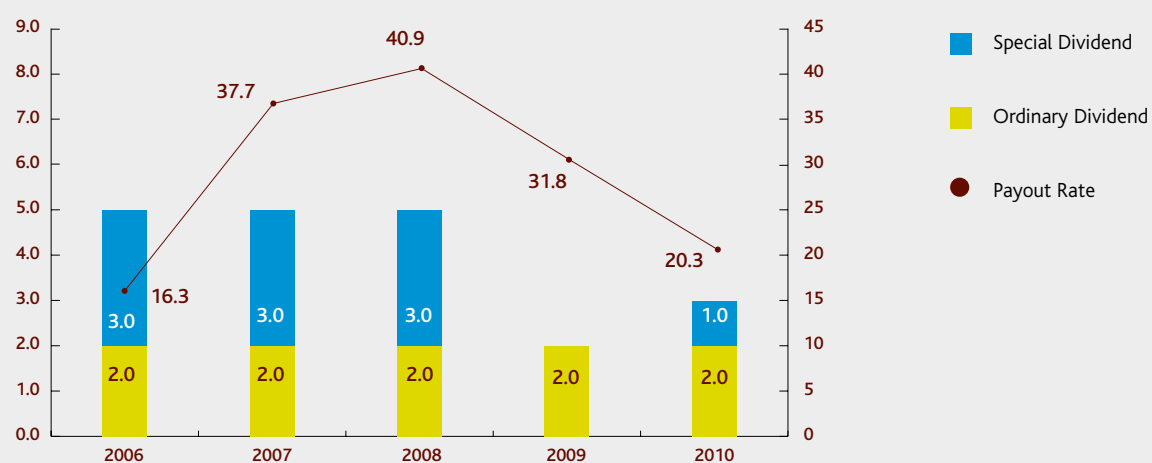
■ Retail

■ Property

### Dividend Payout

Gross cents per share

Payout Rate (%)


■ Special Dividend

■ Ordinary Dividend

● Payout Rate

# FINANCIAL SUMMARY

	2010	2009	2008	2007	2006
<b>Financial Results (\$'000)</b>					
Turnover	150,981	138,508	147,474	142,341	136,710
Profit before exceptional items and tax	114,951	38,947	86,482	52,623	39,103
Exceptional items	-	-	-	29,078	119,160
Net profit from operating activities before tax	114,951	38,947	86,482	81,701	158,263
Taxation	(20,962)	676	(20,199)	(10,786)	(8,889)
Profit from continuing operations after taxation	93,989	39,623	66,283	70,915	149,374
Profit from discontinued operations	-	-	-	-	6,060
Profit after tax	93,989	39,623	66,283	70,915	155,434
Minority interests	(128)	(212)	(315)	(2,232)	(1,006)
Net profit attributable to shareholders	93,861	39,411	65,968	68,683	154,428
Net final dividend proposed	12,687	12,600	6,308	10,345	10,092
Net final interim dividend paid	-	-	5,172	-	-
Net special dividend paid/proposed	6,343	-	15,517	15,517	15,139
<b>Balance Sheets (\$'000)</b>					
Property, plant and equipment	13,720	11,965	11,874	109,980	112,962
Investment properties	630,773	514,480	498,568	356,759	88,003
Non-current assets	420,686	515,731	417,409	266,208	289,940
Current assets	298,502	271,266	306,073	378,610	415,983
Total assets	1,363,681	1,313,442	1,233,924	1,111,557	906,888
Current liabilities	(153,135)	(196,254)	(199,233)	(203,623)	(128,035)
Long term and deferred liabilities	(214,840)	(180,616)	(146,472)	(107,671)	(117,602)
Total net assets	995,706	936,572	888,219	800,263	661,251
Financed by :					
Share capital	130,379	126,155	126,155	126,155	126,155
Treasury shares	(1,397)	(266)	-	-	-
Reserves	861,959	808,103	753,421	665,552	526,601
Shareholders' funds	990,941	933,992	879,576	791,707	652,756
Minority interests	4,765	2,580	8,643	8,556	8,495
	995,706	936,572	888,219	800,263	661,251

	2010	2009	2008	2007	2006
<b>Financial ratios</b>					
Earnings per share after tax, minority interests and extraordinary items (cents) #	14.89	6.25	10.46	10.89	23.66
Earnings per share after tax, minority interests but before extraordinary item (cents) #	14.89	6.25	10.46	8.34	6.28
Return on shareholders' funds (%) * #	9.75	4.35	7.89	9.51	23.66
Return on total assets (%) * #	7.01	3.09	5.63	6.81	17.35
Dividend proposed					
Special net dividend per share (cents)	1.0	–	2.46	2.46	2.40
Final/interim net dividend per share (cents)	2.0	2.0	1.82	1.64	1.60
Dividend cover (times) #	4.93	3.13	2.44	2.66	5.92
Net assets per share (\$) #	1.56	1.48	1.39	1.26	1.03
Debt equity ratio (net of cash) (times)	0.04	0.01	0.02	(0.12)	(0.20)
Total liabilities to shareholders' funds (times)	0.37	0.40	0.39	0.39	0.38
Interest cover (times) #	13.27	4.79	8.70	14.34	32.90

### Notes

\* In calculating return on shareholders' funds and return on total assets, the average basis has been used.

# The financial ratios are based on continuing operations.

## BOARD OF DIRECTORS



Lt-Gen (Retd) Winston  
Choo Wee Leong

Jopie Ong Hie Koan

Phua Bah Lee

Gerald Ong Chong Keng

Fang Ai Lian

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

*Chairman, Non-Executive and Independent*

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 is also the Chairman of the Nominating Committee and a member of the Remuneration Committee.

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.

Lt-Gen Choo is an experienced company director, having served on the Boards of several listed companies since 1993. Currently, he is a member of the Board of Directors of Foodfare Catering Pte Ltd and Cougar Logistics Corporation 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.

### **朱维良中将** **非执行独立主席**

朱维良中将于2007年6月受委为美罗控股有限公司（“美罗”）的董事，在2007年7月开始受委为公司主席一职。他也是提名委员会的主席和薪酬委员会的成员。

朱维良中将曾于1959年至1992年期间拥有卓越辉煌的军事生涯，并于1974年至1992年间担任新加坡国防部队的三军总长。他曾于1994年至1997年间同时担任新加坡驻澳大利亚最高专员兼任驻斐济的大使。2000年至2006年间，他也曾担任新加坡驻南非和巴布亚新几内亚独立国的非常驻最高专员。他现为新加坡驻以色列的非常驻大使。

朱维良中将是位经验丰富的公司董事，自1993年起便在多家上市公司的董事会担任过职务。他目前是Foodfare Catering Pte Ltd和Cougar Logistics Corporation Ltd公司的董事会成员。

朱维良中将拥有美国杜克大学的历史文学硕士学位，并在美国哈佛大学完成了高级管理培训课程。

### **Jopie Ong Hie Koan** **Group Managing Director, Executive**

Mr Jopie Ong is the Group Managing Director of Metro, a position he has held since 1973. Mr Ong is also a member of the Nominating Committee.

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 is

responsible for growing the retail division, introducing into Singapore key luxury brands such as Cartier and Piaget, and guiding Metro to its listing in 1973. His experience at board level covers the retail, property development, construction, hotel and leisure industries.

### **王晞權** **集团执行董事经理**

王晞權先生自1973年便担任美罗集团的董事经理至今。王先生也是提名委员会的成员之一。

他曾经担任过淡锡马可有限公司的主席，以及在吉隆坡证券交易所上市的美罗百货的董事。王先生于1964年加入美罗负责零售部门的发展，并成功地将世界知名品牌，例如卡地亚和伯爵引进新加坡。同时，他也带领美罗集团在1973年成功上市。他丰富的董事会经验涉及零售、房地产开发、建筑、酒店以及时尚休闲等行业。

### **Phua Bah Lee** **Director, Non-Executive and Independent**

Mr Phua Bah Lee joined the Board of Metro in 1993. He is the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees. He is also a Director of GP Batteries International Ltd, GP Industries Ltd, Pan United Corporation Ltd, Singapura Finance Ltd and Wing Tai Holdings Ltd.

Mr Phua 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.

#### **潘峇厘** 非执行独立董事

潘峇厘先生于1993年加入美罗董事会。他是提名委员会的主席及审计、薪酬委员会的成员。他也是金山电池国际有限公司、金山工业有限公司、泛联集团(新)有限公司、富雅金融有限公司以及永泰控股有限公司的董事会成员。

潘先生曾于1968年至1971年间担任新加坡通讯部的政务次长,以及在1972年至1988年间担任新加坡国防部的高级政务次长。潘先生曾于1968年至1988年间担任淡滨尼选区的国会议员。他毕业于新加坡南洋大学,获商业学士学位。

#### **Gerald Ong Chong Keng** Director, Non-Executive

Mr Gerald Ong Chong Keng was appointed a Director of Metro in June 2007. He is a member of the Audit, Nominating and Remuneration Committees.

He is currently the Chief Executive Officer of PrimePartners Corporate Finance Group and is a Director of Aseana Properties Ltd. Mr Ong has more than 21 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, Mr Ong's duties encompassed the provision of a wide variety of Corporate Finance services from advisory, M&A activities and exercises incorporating various structures such as equity, debt, equity-linked and derivative-enhanced issues.

Gerald has been the Chairman of the Singapore Investment Banks

Association Corporate Finance Committee since 2007 and has been granted the Financial Industry Certified Professional status. He is an alumnus of the National University of Singapore, University of British Columbia and Harvard Business School.

#### **王宗庆先生** 非执行董事

王宗庆先生于2007年6月受委为美罗的董事。他也是审计、提名和薪酬委员会的成员之一。

他现在是建力企业财务策划有限公司的执行总裁,同时也是Aseana Properties Ltd的董事。王先生在金融领域拥有超过21年的经验。他曾经在多家金融机构,包括洛希尔父子(新加坡)有限公司、星展集团、三菱东京国际(新加坡)有限公司以及马来西亚丰隆集团担任资深职务。王先生在以上机构任职期间的责任覆盖广泛,包括金融顾问,企业并购,以及通过资本、债务、资本关联和强化衍生债权的企业融资服务。

王先生自2007年起一直担任新加坡投资银行协会企业融资委员会的主席,并荣获金融行业公认专业资格。王先生是新加坡国立大学、英属哥伦比亚大学及哈佛大学的校友会成员。

#### **Fang Ai Lian (Mrs)** Director, Non-Executive and Independent

Mrs Fang Ai Lian was appointed a Director of Metro in July 2008. She is also the Chairman of the Audit Committee and a member of the Nominating Committee.

Mrs Fang has been the Chairman of Great Eastern Holdings Limited since 15 April 2008. She also serves as a Director in several companies, including Oversea-Chinese Banking Corporation Limited, Banyan Tree Holdings Limited, Singapore Telecommunications Limited and MediaCorp Pte Ltd. She is a Member of the Governing Board of Duke-NUS Graduate Medical School of Singapore and the Singapore

University of Technology and Design's Board of Trustees. Mrs Fang was previously with Ernst & Young ("E&Y") for the past 37 years where she last held the position of Chairman of E&Y Singapore until her retirement on 31 March 2008.

Mrs Fang is a staunch supporter of charities and social concerns. She helms charity organisations such as the Charity Council, Breast Cancer Foundation and the Home Nursing Foundation.

She is also a Justice of the Peace and was awarded the Public Service Star in 2009.

Mrs Fang qualified as a Chartered Accountant in England and is a Fellow of the Institute of Chartered Accountants in England and Wales as well as a Fellow of the Institute of Certified Public Accountants in Singapore.

#### **方爱莲女士** 非执行独立董事

方爱莲女士于2008年7月受委为美罗的董事。她也是审计委员会的主席和提名委员会的成员。

方女士自2008年4月15日起受委为大东方控股的主席。她同时也在多家公司担任董事一职譬如,华侨银行有限公司、悦榕控股有限公司、新加坡电信有限公司以及新传媒私人有限公司。她是杜克-新加坡大学医学研究院理事会和新加坡科技设计大学理事会的成员。方女士之前在安永会计事务所任职37年。方女士于2008年3月31日以新加坡安永会计事务所主席的身份退休。

方女士非常支持慈善活动,也很关心社会课题。她一直为不少的慈善机构,如慈善理事会、乳癌基金会及家庭护理基金会作出贡献。

身为太平绅士,方女士在2009年被授予公共服务星章。

方女士在英国取得特许会计师的资格,而且是英格兰和威尔士特许会计师协会的成员。方女士也是新加坡会计师协会的成员。



## 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 32 years of working experience in industries involved in property development and management, retail and department stores, cruise, hotel and trading operations. Mr Chiang was a member of the Institute of Chartered Accountants of New Zealand, 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*

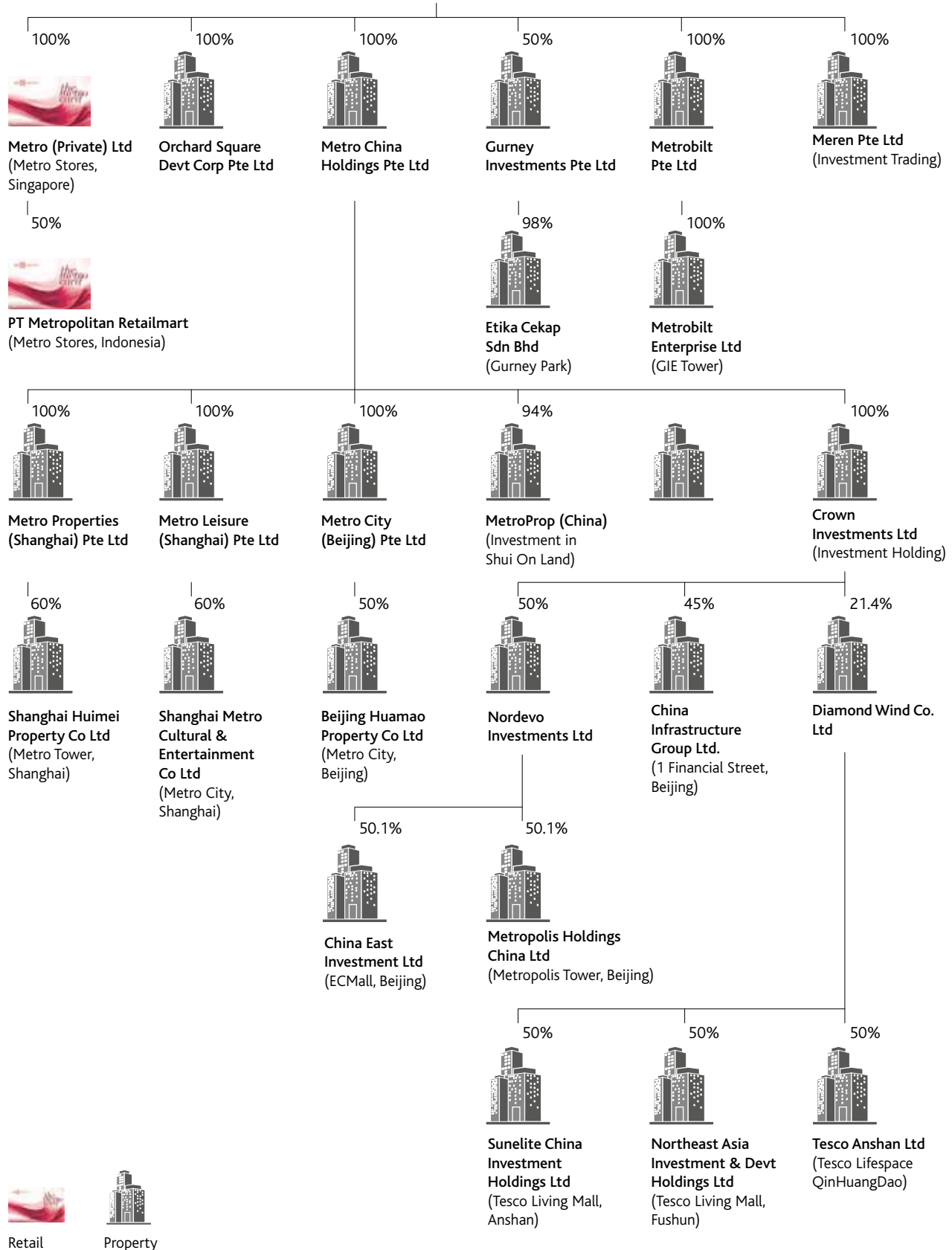
Mr David Lee has been Group Financial Controller of the Metro Group since 1995. He has overall responsibility for the Group's finance, accounting, treasury and tax functions. Mr Lee joined the Metro Group in 1991 as its Group Internal Audit Manager after 15 years in the public accounting profession. 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 32 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 the Singapore Institute of Surveyors and Valuers and Singapore Institute of Building Limited.

# CORPORATE STRUCTURE



# CORPORATE DATA

## Board of Directors

Lt-Gen (Retd) Winston  
Choo Wee Leong  
*Chairman, Non-Executive and Independent*

Jopie Ong Hie Koan  
*Group Managing Director, Executive*

Phua Bah Lee  
*Director, Non-Executive and Independent*

Gerald Ong Chong Keng  
*Director, Non-Executive*

Fang Ai Lian  
*Director, Non-Executive and Independent*

## Audit Committee

Fang Ai Lian  
*Chairman*

Phua Bah Lee

Gerald Ong Chong Keng

## Nominating Committee

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

Jopie Ong Hie Koan

Phua Bah Lee

Gerald Ong Chong Keng

Fang Ai Lian

## Remuneration Committee

Phua Bah Lee  
*Chairman*

Lt-Gen (Retd) Winston  
Choo Wee Leong

Gerald Ong Chong Keng

## Secretaries

Tan Ching Chek

Lee Chin Yin

## Auditors

Ernst & Young

Mr Michael Sim Juat Quee  
Engagement Partner  
*(Since financial year ended 31 March 2008)*

## Principal Bankers

DBS Bank Ltd

United Overseas Bank Ltd

Industrial and Commercial  
Bank of China Ltd

HuaXia Bank Co. Ltd

The Hong Kong and Shanghai  
Banking Corporation 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

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](http://www.metro.com.sg)

## Investor Relations Contacts

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Fax: (65) 6534 4171

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[andrea.low@citigatedrimage.com](mailto:andrea.low@citigatedrimage.com)

# 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, 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 5 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 Gerald Ong Chong Keng is the non-executive director. Mr Phua Bah Lee and Mrs Fang Ai Lian 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 experiences 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.

### 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.

# CORPORATE GOVERNANCE REPORT

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 five directors, three of whom, including the Chairman, are independent directors. The Committee Chairman is Lt-Gen (Retd) Winston Choo Wee Leong and the other members are Mr Jopie Ong Hie Koan, Mr Phua Bah Lee, Mr Gerald Ong Chong Keng and Mrs Fang Ai Lian.

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, 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 and Mrs Fang Ai Lian, who are retiring by rotation pursuant to Article 94 of the Company's Articles of Association at the forthcoming AGM, be re-elected.

The Nominating Committee has also recommended the re-appointment of Mr Phua Bah Lee who is 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.

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	16 July 2008
Jopie Ong Hie Koan	Executive Director	21 September 1973	23 July 2009
Phua Bah Lee	Non-Executive / Independent Director	5 October 1993	23 July 2009
Gerald Ong Chong Keng	Non-Executive Director	18 June 2007	23 July 2009
Mrs Fang Ai Lian	Non-Executive / Independent Director	16 July 2008	16 July 2008



# CORPORATE GOVERNANCE REPORT

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.

New directors are appointed by the Board after the Nominating Committee has reviewed and recommended their appointment. Such new directors are however required to submit themselves for re-election at the next AGM of the Company.

## Principle 6 : Access to Information

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

## REMUNERATION MATTERS

### Principle 7 : Procedures for Developing Remuneration Policies

### Principle 8 : Level and Mix of Remuneration

### Principle 9 : Disclosure on Remuneration

The Remuneration Committee is chaired by Mr Phua Bah Lee with Lt-Gen (Retd) Winston Choo Wee Leong, who are non-executive and independent directors, and Mr Gerald Ong Chong Keng, who is a non-executive director, as members.

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.

# CORPORATE GOVERNANCE REPORT

Breakdown of directors remuneration for current financial year:

Remuneration Band & Name of Director	Base Salary etc/ Directors' Fees	Performance- Related/Bonuses	Long Term Incentive
<b>\$2,750,000 to \$2,999,999</b>			
Jopie Ong Hie Koan	39%	61%	-
<b>Below \$250,000</b>			
Lt-Gen (Retd) Winston Choo Wee Leong	100%	-	-
The Late Chan U Seek (fees prorated)	100%	-	-
Phua Bah Lee	100%	-	-
Gerald Ong Chong Keng	100%	-	-
Mrs Fang Ai Lian	100%	-	-

Remuneration of top five executives (who are not also directors) for current financial year:-

Remuneration Band & Name of Key Executive	Base Salary etc	Performance- Related/ Bonuses	Long Term Incentive
<b>\$750,000 to \$999,999</b>			
Lawrence Chiang Kok Sung	62%	30%	8%
Lee Chin Yin	59%	37%	4%
<b>\$250,000 to \$499,999</b>			
Wong Sioe Hong	76%	24%	-
Goh Leng Seng	84%	16%	-
Pang Say Kong	83%	17%	-

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

Remuneration Band	2010	Base Salary etc	Performance- Related/ Bonuses	Long Term Incentive
\$250,000 to \$499,999	2	64%	36%	-
Below \$250,000	1	84%	16%	-
	3			

(a) The Company does not have a share option scheme.

## ACCOUNTABILITY AND AUDIT

### Principle 10 : Accountability

### Principle 11 : Audit Committee

# CORPORATE GOVERNANCE REPORT

## Principle 12 : Internal Controls

## Principle 13 : Internal Audit

The Company has taken steps to comply with the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") on the disclosure requirements of material information. The Board is mindful of the obligation to provide shareholders with information on all major developments that affect the Group and strives to maintain a high standard of transparency.

Management provides all members of the Board with management accounts which present a balanced and understandable assessment of the company's performance, position and prospects on a monthly basis.

The Audit Committee comprises of two non-executive independent directors and a non-executive director. It is chaired by Mrs Fang Ai Lian and the members are Mr Phua Bah Lee and Mr Gerald Ong Chong Keng. The Audit Committee has full authority to investigate matters relating to the Group and any matters within its terms of reference.

The Audit Committee reviews the scope, 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 and liquidity risk. Further details of the financial risks and how the Group manages them are set out in note 37 to the financial statements.

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.

## 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	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Jopie Ong Hie Koan				
Rental and property management income received from Eng Kuan Company Pte Ltd Group	182	169	-	-
Gerald Ong Chong Keng				
Corporate advisory fees paid or payable to OEC Holdings Pte Ltd	485	290	485	290

# CORPORATE GOVERNANCE REPORT

## 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 and Gerald Ong Chong Keng.  
(Please refer to above item on Director's Interests in Contracts entered with the Group.)

## BOARD COMPOSITION

As at 7 June 2010

	Board	Audit Committee	Nominating Committee	Remuneration Committee
Lt-Gen (Retd) Winston Choo Wee Leong	Chairman	-	Chairman	Member
Jopie Ong Hie Koan	Member	-	Member	-
Phua Bah Lee	Member	Member	Member	Chairman
Gerald Ong Chong Keng	Member	Member	Member	Member
Mrs Fang Ai Lian	Member	Chairman	Member	-

## DIRECTORS' ATTENDANCE 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	4	4	-	-	1	1	1	1
Jopie Ong Hie Koan	4	4	-	-	1	1	-	-
Phua Bah Lee	4	4	4	4	1	1	1	1
Gerald Ong Chong Keng	4	4	4	4	1	1	1	1
Mrs Fang Ai Lian (appointed as a member of Nominating Committee on 23 July 2009)	4	4	4	4	-	-	-	-