METRO HOLDINGS LIMITED
(Company Registration No. 197301792W)

RESPONSE TO QUESTIONS FROM SHAREHOLDERS

The Board of Directors (the "**Board**") of Metro Holdings Limited ("**Metro**" or the "**Company**", together with its subsidiaries, the "**Metro Group**") refers to:

(a) the annual report of the Company for the financial year ended 31 March 2025 (the "**Annual Report**"); and

(b) the notice of annual general meeting ("**AGM**") issued on 7 July 2025 informing shareholders that the Company's Fifty-Second AGM will be convened at Grand Ballroom III, Level 6, Orchard Wing, Hilton Singapore Orchard, 333 Orchard Road, Singapore 238867 on Tuesday, 29 July 2025 at 3.00 p.m.

The Company would like to thank shareholders for submitting their questions in advance of its AGM.

Please refer to Annex A hereto for the Management's and the Board's responses to the relevant and substantial questions from shareholders.

By Order Of The Board
Tan Ching Chek and Eve Chan Bee Leng
Joint Company Secretaries
23 July 2025

ANNEX A

RESPONSES TO QUESTIONS FROM SHAREHOLDERS

A. General

1. Board Remuneration and Executive Compensation

(i) Can the board, especially the remuneration committee ("RC"), disclose the specific financial and non-financial criteria used to determine annual bonuses and long-term incentives for the Group CEO?

As stated on page 70 of Metro's Annual Report 2025, the Company sets remuneration packages that are competitive and sufficient to attract, retain, and motivate the executive director and key executives with the experience and expertise necessary to manage the Group's business and operations. Remuneration for key executives is based on corporate and individual performance, with certain key executives entitled to profit-sharing bonuses which are calculated as a percentage of profit from operations and based on profits arising from the disposals of investments and investment properties on a realised basis. In determining the remuneration for the key executives, the RC also takes into consideration the prevailing business environment and the Company's long-term strategic plans to ensure a more holistic assessment of management performance.

The performance-related/bonus and long-term incentive portions of the Group CEO's remuneration for FY2025 are based on the contractual terms set forth in his service contract with the Company.

(ii) If executive compensation is performance-linked, for a better understanding by shareholders, why has the Group CEO's remuneration remained stable despite a significant deterioration in operating performance, net asset value, and shareholder value?

(iii) Does the Board consider the current level of compensation for Directors and key management to be justified amid the Company's financial decline?

The loss after tax for FY2025 is mainly attributable to non-cash fair value and impairment losses arising from the Group's real estate exposure in China. Since FY2020, the Group's businesses and performance have been adversely impacted by a series of global and regional challenges arising from the global economic downturn triggered by the COVID-19 pandemic, a persistently inflationary environment, rising interest rates, ongoing geopolitical uncertainties and trade tariffs.

The Company is cognisant that the real estate industry is inherently capital-intensive and cyclical, and that short term returns can be affected by the volatility of fair value adjustments. Accordingly, the Company adopts a long-term perspective when evaluating the returns from each of its real estate investments.

In determining the remuneration for the key executives, the RC takes into consideration the prevailing business environment and the Company's long-term strategic plans to ensure a more holistic assessment of management performance.

(iv) Does the CEO's service contract include clawback clauses in the event of sustained underperformance and/or loss of shareholder value?

As stated on page 70 of Metro's Annual Report 2025, the Company currently does not include any contractual provisions to reclaim incentive components of remuneration from executive directors and key management executives. The RC will consider, if required, whether there is a requirement to institute such contractual provisions to allow the Company to reclaim the incentive components of the remuneration of the executive directors and key management executives paid in prior years in exceptional circumstances such as misstatement of financial results, or misconduct resulting in financial loss to the Company.

(v) What is the board's justification for proposing an increase in directors' fees to $1.11 million, particularly when peer companies of similar or larger size pay significantly lower fees? Has the RC benchmarked the company's directors' fees against comparable peers and industry standards? When was the last benchmarking or external review conducted? How did the RC assess that the proposed fee levels are appropriate, particularly in light of the company's market capitalisation, complexity, performance trajectory, and shareholder returns? Is there a risk that high directors' fees could impair, or be perceived to impair, the independence of directors?

The higher Directors' Fees of S$1,111,196 for FY2025 as compared to the S$1,037,461 for FY2024 is mainly attributable to the appointment of two additional independent directors during FY2025. This was undertaken to ensure that independent directors would continue to make up the majority of the Board in accordance with regulatory requirements, i.e. Principle 2.2 of the Code of Corporate Governance stipulates that independent directors should form a majority of the Board when the Chairman is not independent, as stated on page 63 of Metro's Annual Report 2025.

As stated on page 70 of Metro's Annual Report 2025, the independent directors and non-executive directors are remunerated based on basic fees for serving on the Board and its Committees. These fees are proposed for shareholder approval at the AGM. Apart from directors' fees, the independent and non-executive directors do not receive any other remuneration from the Company. The Company's basic fees for non-executive directors serving on its Board and Board Committees have not increased since FY2022.

The Group did observe that there were more meetings required in FY2025 due to the heightened macro-environment uncertainties. Nevertheless, the Company continues to remunerate its independent directors and non-executive directors solely based on basic fees for their services to the Board and its Committees.

The RC reviews all matters related to the remuneration of independent directors and non-executive directors to ensure that the remuneration is commensurate with the effort, time commitment and responsibilities involved. The RC also ensures that the directors' fees are not excessive to the extent that their independence may be compromised.

The Board concurred with the RC that the proposed directors' fees for FY2025 are appropriate and reasonable, having considered factors such as the directors' contributions, the time and effort dedicated to Board and Board Committees' service, and the associated responsibilities and obligations.

2. Management Performance in FY2025 and Share Price

(i) We note that the Company reported a net loss of S$224.7 million in FY2025, compared to a net profit of S$14.6 million in FY2024. Additionally, the Company's share price has declined over the past five years, from around S$0.75 to S$0.39. Could Management elaborate on the strategies being implemented to improve the financial performance and share price over the next three to five years?

As explained earlier in our response to questions A.1.(ii) and A.1.(iii), the Group's loss after tax for FY2025 is mainly attributable to non-cash fair value and impairment losses arising from the Group's real estate exposure in China. Since FY2020, the Group's businesses and performance have been adversely impacted by a series of global and regional challenges arising from the global economic downturn triggered by the COVID-19 pandemic, a persistently inflationary environment, rising interest rates, ongoing geopolitical uncertainties and trade tariffs which are disruptive and causing elevated volatility in the business environment. Management is cognisant that Metro's share price can be affected by many external market factors which are beyond the Company's control.

As stated in our Chairman's Message on page 14 of Metro's Annual Report 2025, the Group continues to operate under challenging conditions, in a macro-environment marked by trade tensions, the imposition of tariffs and extremely high levels of policy uncertainty, with strong headwinds across our key markets. Majority of our property exposure is in China, which continues to be affected by a protracted property market downturn and slowing economic growth that are in turn weighing on business and consumer confidence, investment plans and employment.

Amid these uncertainties, Management remains focused on proactively managing our investments/assets, such as improving the occupancy rates and rental rates of the underlying properties and improving asset operating efficiency to reduce operating costs. These efforts will help us optimise returns from our existing investment portfolio. We are committed to executing our strategy by diversifying into high-quality assets across resilient sectors and markets. At the same time, we will continue to build on our experience, partnerships and networks, leveraging on our proven track record to capitalise on strategic opportunities.

With challenging market conditions expected to persist in Singapore’s retail sector, we would continue to optimise our retail division’s operations to drive efficiency.

On the capital management front, we will also continue to maintain a strong liquidity position comprising cash and banking facilities.

As we navigate the increasingly complex and uncertain macro-economic landscapes, Metro is committed to overcoming adversity, strengthening our resilience and navigating the challenges. Our Board and Management will continue to exercise careful oversight and strategic planning to safeguard and to increase shareholder value for sustainable growth.

B. Property Investment and Development

1. Investment in Top Spring International Holdings Limited ("Top Spring")

(i) Can the independent directors confirm if the company bought 84.76 million shares for HK$93.2 million, or HK$1.10 per share, from the founder of Top Spring when the market price was around HK$0.58 per share? What was the justification, if any, to acquire the shares at nearly 100% premium to the then-market price?

(ii) Why did the board choose to purchase from the founder rather than subscribe for new shares that would inject capital into Top Spring itself? As the stated rationale for acquiring the additional 6% stake was to preserve associate status, has Management explored alternative strategies to maintain this status, rather than increasing the stake in a company that is currently underperforming?

Metro acquired an initial stake of 5% in Top Spring when it was listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**Hong Kong Stock Exchange**") in March 2011. In December 2013, Metro acquired an additional 13.66% equity stake in Top Spring, with the intention to further increase its equity stake in Top Spring to 20% and/or seek a board seat on Top Spring so that it would become an associate of the Metro Group. On 1 July 2014, Top Spring became an associate of Metro and our nominated representative was appointed to Top Spring's board of directors as a non-executive director.

Thereafter, Metro's shareholding in Top Spring was diluted over the years, from approximately 19.77% as at 6 December 2013 to about 16.17% as at 10 January 2024 (prior to Metro's acquisition of the additional 6% equity stake). The acquisition of the additional 6% on 10 January 2024 was to meet the accounting requirements of a minimal 20% shareholding for the purpose of accounting for Top Spring as an associate of Metro. Metro had to acquire the additional 6% stake from the founder of Top Spring because it was not able to purchase such a quantum of shares from outside parties or from the open market given the inherent constraints, i.e. Top Spring has to maintain a minimum public free float of 25% to remain listed on the Hong Kong Stock Exchange, and the relatively thin daily and annual trading volumes of Top Spring's shares. The purchase consideration of approximately HK$1.10 per share for the additional 6% equity was arrived at an arms-length, willing-buyer, willing-seller basis, and took into consideration the net asset value ("**NAV**") of Top Spring which was at HK$5.83 per share as at 30 June 2023 and subsequently updated to HK$5.30 per share as at 31 December 2023.

The acquisition of the additional 6% equity stake in Top Spring on 10 January 2024 was reviewed and approved by the Board.

(iii) Did the negative goodwill of S$60.3 million recognised in FY2024 materially inflate the group's earnings? Did it affect the calculation of performance-based remuneration?

While the Group recorded a negative goodwill of S$60.3 million in FY2024 on the acquisition of the additional 6% equity stake in Top Spring, the Group also recorded a higher share (20.5%) of Top Spring's losses in FY2024, corresponding to its increased shareholding in the associate.

As explained in our response to question A.1.(i), the remuneration for key executives is based on both corporate and individual performance with certain key executives entitled to profit-sharing bonuses, which are calculated as a percentage of profit from operations and based on certain profits arising from disposals of investments and investment properties on a realised basis. Negative goodwill is excluded from these calculations. In determining the remuneration of key executives, the RC also takes into consideration the prevailing business environment and the Company's long-term strategic plans to ensure a holistic assessment of management performance.

(iv) Given that Top Spring's current share price remains significantly below the purchase price of HK$1.10 and FY2025 saw higher losses incurred by Top Spring by S$72.8 million (including higher fair value losses (net of tax) by $49.6 million and higher operating loss (including impairment losses on its properties held for sale) by S$23.2 million), has Management considered whether the negative goodwill is substantiated?

In accordance with SFRS(I) 1-28 accounting standards, Metro engaged KPMG Hong Kong as our professional valuers to conduct a Purchase Price Allocation ("**PPA**") exercise to ascertain the fair value of Top Spring's identifiable assets and liabilities as at 10 January 2024, i.e. the acquisition date for the additional 6% interest in Top Spring. As disclosed on page 24 of Top Spring's 2023 Annual Report, the net assets per share attributable to Top Spring's shareholders was HK$5.30. Based on the professional valuers' report, the Group recognised a negative goodwill of S$60.3 million in FY2024 which represented the excess of Top Spring's net identifiable assets over Metro's purchase consideration for the 6% equity stake.

(v) Given that the auditors of Top Spring have highlighted an emphasis of matter on material uncertainty related to going concern, what specific risk framework was used to evaluate the transaction?

The additional 6% interest in Top Spring was acquired on 10 January 2024 where the Metro Group relied on the latest available financial report which was the unaudited Interim Report 2023 of Top Spring to assess the transaction's risks.

Per the unaudited Interim Report 2023 of Top Spring (in pages 50-51), where the board of directors of Top Spring had reviewed its Group's cash flow projections, which covers a period of at least 12 months from 30 June 2023. Certain plans and measures have been or will be taken by Top Spring to mitigate its liquidity pressures and to improve its financial position which include but are not limited to: (a) implement measures to accelerate the pre-sales and sales of its properties under development and completed properties; (b) speed up the collection of outstanding sales proceeds and other receivables; (c) negotiating with banks and borrowers for renewal of existing bank facilities; (d) take active measures to control administrative costs and maintain containment of capital expenditures; and (e) Mr. Wong Chun Hong, a substantial shareholder of Top Spring, had issued a letter of financial support to the Company for a period of at least twelve months from 30 June 2023 to make reasonable efforts to enable Top Spring to meet its liabilities as they fall due and carry on business without a significant curtailment of operations. With the above, the board of directors of Top Spring were of the opinion that, assuming the success of the aforementioned plans and measures, Top Spring will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within 12 months from 30 June 2023. Accordingly, Top Spring's directors were satisfied that it was appropriate to prepare the Interim consolidated financial statements on a going concern basis.

Top Spring had an NAV of HK$8.9 billion (net assets per share was HK$5.83) as at 30 June 2023 with a net gearing of 55.7% per its unaudited Interim Report 2023. The auditors of Top Spring, KPMG noted in their review report on page 76 of Top Spring's Interim Report 2023 that nothing had come to their attention that the Interim Report was not prepared, in all material respects, in accordance with the relevant accounting standards for Top Spring.

Since 1 July 2014, Top Spring had become an associate of Metro and our nominated representative was appointed to Top Spring's board of directors as a non-executive director. Till today, our Group CEO and Executive Director remains as a non-executive director on Top Spring's Board.

(vi) What is the total capital invested in Top Spring to date, including both equity investments and shareholder loans? Has the board set a limit on the group's exposure to Top Spring, or has it become "too big to fail"?

As stated on page 131 of Metro's Annual Report 2025, the carrying cost of the Group's investment in Top Spring was approximately S$152.7 million as at 31 March 2025. Based on our holding of 313,154,056 shares in Top Spring, this translated into HK$2.83 per share. The NAV of Top Spring audited by KPMG as at 31 December 2024 was approximately HK$6.1 billion which translates to approximately HK$3.97 per share.

As stated on page 129 of Metro's Annual Report 2025, the Group has a current amount due from Top Spring of S$115.7 million, fully secured by way of share charge over the issued share capital of certain companies (which own land and properties), assignment of shareholders' loans and corporate guarantee.

We view and treat Top Spring as a long-time investment partner that has contributed many years of profits and cash dividends to Metro, and we continue to work closely with them.

(vii) Can the board/management confirm that the market value of Top Spring as at 31 March 2025 was just $16.1 million compared to a carrying amount of $153.7 million? For the benefit of shareholders, can the audit committee ("AC") explain how it satisfied itself that the carrying value of Top Spring is not inflated, given that the market value is about 10% of its carrying value?

Top Spring is listed on the Hong Kong Stock Exchange and its auditor was KPMG Hong Kong. In assessing the NAV of Top Spring group as at 31 December 2024, Top Spring's Management together with its auditor, i.e. KPMG Hong Kong carried out the following course of work to satisfy the valuation of investment properties (as one of the key audit matters) including but not limited to engaging independent valuers to conduct the valuation exercise on the investment properties, discussing with the external property valuers on their valuation methodologies, key estimates and assumptions adopted, evaluating the valuation methodologies and challenging the key estimates and assumptions (including capitalisation rates, prevailing market rents and comparable market transactions). (As stated on pages 139 and 140 of Top Spring's 2024 Annual Report).

Similarly, for the net realisable value of inventories/development properties held for sales (as one of the key audit matters), Top Spring's Management, together with KPMG conducted site visits, evaluated the appropriateness of the valuation methodologies, reasonableness of the key estimates and assumptions including comparing net selling prices with market available data and estimated construction costs, and performed sensitivity analyses on the key estimates and assumptions. (As stated on pages 144 and 145 of Top Spring's 2024 Annual Report).

Correspondingly, as stated on page 75 of Metro's Annual Report 2025, the Metro Group's accounting of its interests in associates and joint ventures was identified as a key audit matter after discussions between the Management and the External Auditor, Ernst & Young LLP ("**EY**"), and this key audit matter was addressed and being concurred by EY, and reviewed by Metro's AC.

Both Metro's Management and AC have considered the appropriateness of the methodologies and assumptions used in the assessment of the valuation reports of Top Spring's investment properties and the net realisable value of its inventories/development properties held for sale.

As stated on page 86 of Metro's Annual Report 2025, the results of EY's evaluation show that management's accounting for interests in associates and joint ventures are reasonable.

The market value of publicly traded securities like Top Spring's shares are affected by many market factors that are not within the control of the Company.

(viii) How is the board holding itself and management accountable for the latest investment in Top Spring given how the investment has panned out in less than 1.5 years? Are there any specific future plans for the Top Spring investment? Is Management optimistic or cautious regarding its outlook, particularly in light of the significant losses reported in FY2025?

The prolonged China property sector downturn is expected to continue and Top Spring, a key associate of the group, will continue to be subject to persistent market headwinds in China and Hong Kong. We view and treat Top Spring as a long-time investment partner that has contributed many years of profits and cash dividends to Metro, and we will continue to work closely with them.

It is also important to note that Top Spring is only part of Metro Group's investments in the PRC and our overall investment portfolio.

China is not only facing a prolonged downturn in its property sector but also grappling with structural challenges such as ongoing global trade tensions, which have affected its export-driven economy. In addition, China's domestic consumption has been weighed down by rising unemployment and the relocation of multinational corporations out of China. While the Chinese government has embarked on policies to stimulate the market such as lowering interest rates and easing restrictions on property purchases, these measures will take time to yield results.

Over the years, we have diversified our exposure beyond China. Nevertheless, despite the current headwinds, we maintain a long-term view on the opportunities in China, given its vast market size and its key role in the global economy today. We will continue to monitor the performance of all our assets and investments in China and remain open to rationalising our investments should attractive opportunities arise.

2. Fair Value Losses and Drop in Occupancy Rates of China Properties

(i) There have been significant fair value losses and declining occupancy rates in China properties such as Metro City and Metro Tower. Given the prevailing challenges in the China property market, could the Board and Management have considered recognising these fair value losses progressively over recent years, rather than recording a substantial one-off loss in FY2025?

Majority of the Metro Group's properties in China are held under associates and joint ventures. As stated on page 117 of Metro's Annual Report 2025, the recoverability of the interests in and results from these associates and joint ventures are dependent on the fair valuation of their investment properties and the success of the relevant development projects. In compliance with the Singapore Financial Reporting Standards (International), an annual valuation is required to determine the fair value of the investment properties and the annual valuation exercise is carried out by independent, qualified external appraisers. The valuation of the investment properties and contributions from development projects are dependent on a number of factors including the economy, government policies, and demand and supply for properties in their respective markets which may result in a change in carrying value of the investment properties and development projects. In addition, management will conduct an annual assessment to determine whether any indicator of impairment exists, with the concurrence of the external auditor.

As stated on page 85 of Metro's Annual Report 2025, for associates and joint ventures with significant investment properties, Metro's External Auditor EY reviewed the valuation reports of the investment properties, inquired with the external valuers and/or management and obtained explanations to support the selection of valuation methods and evaluated the reasonableness of key assumptions adopted by the External Appraisers such as rental rates, capitalisation rates and discount rates used in the projected cash flows by comparing to supporting leases and available market data.

As stated on page 34 of Metro's Annual Report 2025, the property valuations for GIE Tower in Guangzhou, and for Metro City and Metro Tower in Shanghai were appraised by reputable and independent valuers Cushman & Wakefield Limited.

(ii) What specific strategies or asset management plans does Management have to address these challenges and mitigate further valuation risks going forward?

Per the Chairman's Message on pages 11 and 12 of Metro's Annual Report 2025, prime office values have tumbled about 30% from their pre-Covid high in some of China's major cities including Shanghai, which has seen institutional real estate investors divest their office properties at significant discounts or losses and to the extent of defaulting on their loans [1, 2, 3]. China's economic slowdown and swelling supply of office space have triggered more landlords to cut rents or resort to subsidies to retain tenants[4]. Grade A office rents for Shanghai fell 12.9% over 2024[5], while the citywide office rental index for Guangzhou declined 4.9% over the same period[6]. Shanghai's office market saw a net take-up of 696,400 sqm in 2024, which is only about half of the total new supply of 1.38 million sqm for the year, while the citywide office vacancy rate reached 22.7% in Q4 2024 which is the highest in the past five years[7].

China has embarked on a few policies to revive the market to improve consumer sentiment, but it will take time for the country to recover. We believe in the long-term potential of China and we will have to tide through the near-term challenges and manage the best we can.

We proactively manage our assets to better meet evolving tenant and end-user requirements and improve asset performance, with our leasing teams continuing to proactively engage and negotiate with potential tenants to backfill space, as well as engaging with existing tenants on potential lease renewals. We will also continue to work on improving the occupancy rates and rental rates of the underlying properties.

3. Please state the percentage of units sold for the company's Bekasi and Bintaro residential projects in Indonesia

For Trans Park Juanda, Bekasi, four of the five residential towers have been launched for sale, with more than 65% of the 4,215 launched units sold as at 31 March 2025.

For Trans Park Bintaro, the residential units at both towers have been launched for sale, with more than 70% of the 1,430 units sold as at 31 March 2025.

---

[1] Bloomberg, BlackRock Fund Gives Up China Towers After Missing Loan, 13 February 2025
[2] Mingtiandi, OUE REIT Selling Shanghai's Lippo Plaza for $263M to Exit China Market, 13 December 2024
[3] Bloomberg, BlackRock Fund's Forfeited China Towers to Be Sold at 40% Loss, 20 March 2025
[4] Bloomberg, Emptying Chinese Skyscrapers Trigger Price War Among Developers, 15 October 2024
[5] Knight Frank, Shanghai Grade-A Office Market Report, Q4 2024
[6] Knight Frank, Guangzhou Grade-A Office Market Report, Q4 2024
[7] Savills, Shanghai Office Q4/2024, 16 January 2025

C. Financial

1. **The FY2025 results reflect a fair value loss of S$22 million relating to unquoted equity investments. Could the Management provide further details on the underlying factors contributing to this loss, and outline any specific measures being taken to mitigate future fair value losses to the unquoted equity investments?**

   In FY2025, the Group recorded fair value losses of S$23.2 million on its long term investments, which mainly relate to its investment in the Mapletree Global Student Accommodation Private Trust ("MGSA") in which it owns 7.2%, with some fair value losses recorded from the BGO Fund III and other investments. We will monitor and work closely with the managers of MGSA and BGO.

2. **Metro Holdings has consistently maintained approximately S$300 million in cash over the past three years. In the absence of explicit forward-looking statements on growth strategies or new investment opportunities, could the Management clarify its rationale for retaining this level of cash reserves? Has the Management evaluated returning capital to shareholders?**

   Metro is currently in a net debt position of approximately S$307 million, with a net debt to equity ratio of approximately 0.26 times as at 31 March 2025 (as at 31 March 2024: 0.22 times).

   Our capital planning framework takes into consideration our capital requirements over the next 3-5 years. In evaluating our short-, mid-, and long-term cash requirements, we take into account the planned capital inflows, capital commitments, debt obligations, and associated financing costs. A portion of our cash is earmarked for certain existing investments, as well as to ensure the Group is well-positioned to capitalise on suitable opportunities when they arise.

   Amidst ongoing macro uncertainties, we remain committed to exercising caution and prudence while taking proactive measures to uphold strong capital management discipline, including preserving cash, prioritise critical asset enhancement, optimising cash flows and maintaining robust liquidity.

   While Metro has not formally instituted a dividend policy, it has a good track record of paying annual dividends to shareholders.

3. **What percentage of Metro's total assets are in China?**

   As at 31 March 2025, approximately 45% of the Metro Group's total assets are in China (as at 31 March 2024: approximately 53%).