

METRO HOLDINGS LIMITED

(Company Registration No. 197301792W)

DIVESTMENT OF METRO HOLDINGS LTD'S INDIRECT INTEREST OF 30% IN NANCHANG TOP SPRING REAL ESTATE CO., LTD ("NANCHANG TOP SPRING")

1. INTRODUCTION

Further to the announcement dated 23 August 2017, Metro Holdings Limited ("Metro" or the "Company") wishes to announce that Metro Shanghai (HQ) Pte Ltd ("Metro Shanghai"), its indirect wholly owned subsidiary, has entered into a conditional Sale and Purchase Agreement ("SPA") to sell its 30% interest in the registered capital of Nanchang Top Spring (the "Divestment") to H-Change Real Estate Group Ltd ("H-Change"), an independent and unrelated party. Metro Shanghai is a wholly-owned subsidiary of Metro China Holdings Pte Ltd, who in turn is a wholly-owned subsidiary of the Company.

2. INFORMATION RELATING TO THE DIVESTMENT

2.1 Background

On 15 August 2017, Top Spring International Holdings Limited ("Top Spring") had announced that it had entered into a conditional sale and purchase agreement to sell and H-Change to purchase the shares of certain companies of the Top Spring Group including shares representing the Top Spring Group's effective 70% interest in Nanchang Top Spring. Consequently, Metro entered into discussions to dispose of its indirect 30% interest in Nanchang Top Spring. Top Spring and H-Change completed their sale and purchase of the first tranche of 80% of Top Spring's effective 70% interest in Nanchang Top Spring in December 2017.

2.2 Salient Terms of the SPA

The SPA provides for the sale of 30% of the registered capital of Nanchang Top Spring for approximately Rmb627.7 million (approximately S\$129.3 million). Completion of the sale and purchase is conditional on local regulatory approval.

2.3 Information on Nanchang Top Spring

Nanchang Top Spring is the developer of Nanchang Fashion Mark, a mixed use development comprising residential, office and retail components that is located at Hong Gu Tan Central Business district in Nanchang City, Jiangxi Province in the People's Republic of China ("PRC"). As at 31 March 2017, saleable area presold and delivered comprised approximately 359,966 square metres of space, of which approximately 80.6% represented residential space, leaving a balance of approximately 400,080 square metres of mainly retail and office saleable/lettable space to be developed.

3. CONSIDERATION

The consideration for the sale of 30% of the registered capital of Nanchang Top Spring of approximately Rmb627.7 million (approximately S\$129.3 million) was arrived at by negotiations on a willing seller, willing buyer basis and was determined with reference to the net asset value of Nanchang Top Spring and the prevailing market value of the property project owned by Nanchang Top Spring. It is to be wholly satisfied in cash.

4. RATIONALE FOR THE DIVESTMENT

Nanchang Fashion Mark is a 30:70 partnership between the Metro Group and the Top Spring Group. With the Top Spring Group disposing of its effective 70% interest in Nanchang Top Spring, the Metro Group considers that the transaction under the SPA represents a good opportunity to cash in and realise its investment in Nanchang Fashion Mark and unlock its value.

The Divestment of the associate, Nanchang Top Spring, is in the Metro Group's ordinary course of business in property investment and development and net proceeds of the Divestment will be added to the working capital of the Group and used to build on the Metro Group's presence and investment in the region through a selective positioning, new investments in property development and strategic alliances with a view to broadening the revenue stream of the Metro Group and facilitating sustained profitability for the Metro Group moving forward.

5. FINANCIAL EFFECTS

The Divestment of Nanchang Top Spring is expected to result in a divestment gain on disposal of associate estimated at S\$8.6 million (net of tax) which will be recognised on completion of the SPA.

Purely for illustrative purposes only, the financial effects of the Divestment on the Metro Group's net tangible assets ("NTA") and earnings per share ("EPS"), based on the audited consolidated financial statements of the Company for the financial year ("FY") ended 31 March 2017, are set out below.

- (a) NTA: Assuming that the Divestment had been completed on 31 March 2017, being the end of the most recently completed FY, the effect on the NTA per share of the Group would be as follows:

	Before Divestment	After Divestment
NTA (S\$ million)	1,348.2	1,356.8
NTA per ordinary share (S\$)	1.63	1.64

Note:

The "After Divestment" NTA is computed assuming that the estimated divestment gain on disposal of associate of S\$8.6 million had been recognised on completion at 31 March 2017.

- (b) EPS: Assuming that the Divestment had been completed on 1 April 2016, being the beginning of the most recently completed FY, the effect on the EPS of the Group would be as follows:

	Before Divestment	After Divestment
Profit / (loss) attributable to shareholders (S\$ million)	80.7	77.1
Weighted average no. of shares (millions)	828.04	828.04
EPS (cents) - Basic	9.7	9.3
EPS (cents) - Diluted	9.7	9.3

At 31 March 2017, the Company was in a net cash position of S\$323.5 million. Assuming that the Investment had been completed on 31 March 2017, being the most recently completed FY, there would not have been any financial effect on the Company's gearing.

6. RELATIVE FIGURES

For illustrative purposes only, the relative figures of the Divestment computed on the bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited are as follows:

Rule 1006	Bases	Relative Figure
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	8.3% ⁽¹⁾
(b)	The net profits attributable to the assets to be acquired or disposed of, compared with the Group's net profits.	4.6% ⁽²⁾
(c)	The net aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	13.2% ⁽³⁾
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable ⁽⁴⁾

Notes:

- (1) Computed based on the unaudited net asset attributable to a 30% equity interest in Nanchang Top Spring of approximately S\$110.3 million as at 30 September 2017, as compared to the unaudited net asset value of the Group of approximately S\$1,333.8 million as at 30 September 2017.
- (2) Computed based on the unaudited net profits (before tax) attributable to a 30% equity interest in Nanchang Top Spring of approximately S\$0.6 million for the six months ended 30 September 2017, as compared to the unaudited consolidated net profits (before tax) of the Group of approximately S\$13.7 million for the six months ended 30 September 2017.
- (3) Computed based on the consideration of approximately S\$129.3 million, divided by the market capitalisation of the Company of approximately S\$977.1 million (excluding treasury shares) as at 19 January 2018.
- (4) Not applicable as the Divestment is a disposal.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company (to the best of the knowledge of the Company) has any interest, direct or indirect, in the Divestment other than through their shareholding interests (if any) in the Company.

8. COMPLIANCE WITH RULE 704 (18)(C) OF THE SGX-ST LISTING MANUAL

As the proposed Divestment will, upon completion, result in Nanchang Top Spring ceasing to be an associated company of the Metro Group, this announcement is made pursuant to and for the purposes of compliance with Rule 704 (18) (c) of the Listing Manual.

By Order Of The Board

Tan Ching Chek and Lee Chin Yin
Joint Company Secretaries
22 January 2018