METRO HOLDINGS LIMITED
(Company Registration No. 197301792W*)*

ACQUISITION OF A 25% EFFECTIVE INTEREST IN TWO PREDOMINANTLY RESIDENTIAL DEVELOPMENT LAND SITES IN MANCHESTER, UNITED KINGDOM, IN THE ORDINARY COURSE OF BUSINESS

1. INTRODUCTION

The Board of Directors of Metro Holdings Limited ("Metro" or the "Company") wishes to announce that Sun Capital Assets Pte. Ltd. ("Sun Capital"), a direct wholly-owned subsidiary of the Company, has today entered into a Share Purchase Agreement (the "SPA") with Scarborough Singapore Holdings Limited ("SSHL") and Scarborough Group International Limited ("SGI") to acquire a 25% equity interest in Scarborough Real Estate Limited ("SRE") (the "Investment").

SRE wholly-owns Scarborough Real Estate Developments Ltd ("SRED") which will at completion of the SPA ("Completion") directly wholly-own Scarborough Developments (Salford) Limited, Salford Land Developments Limited and VMDL (2) Limited and indirectly Middlewood Locks Management Company Limited. SRE and its subsidiaries (the "SRE Group") own two land plots in Manchester, United Kingdom, zoned predominantly for residential development (the "Developments"). SSHL is a wholly-owned subsidiary of SGI. SRE and its subsidiaries are incorporated in England and Wales.

Completion is conditional upon completion of a group reorganisation involving the target group (which requires releases of security granted to members of the Santander Bank group to be obtained).

Top Spring International (UK) Limited ("TSIUK"), an indirect wholly-owned subsidiary of Top Spring International Holdings Ltd (a company listed on the Main Board of The Stock Exchange of Hong Kong Limited, in which the Company has a 19.71% effective equity voting interest as at the date of this announcement) has, at the same time entered into a share purchase agreement with SSHL and SGI on similar terms to acquire a 25% equity interest in SRE.

2. INFORMATION RELATING TO THE INVESTMENT AND THE DEVELOPMENTS

2.1 INFORMATION ON THE INVESTMENT

The Investment, comprising 25 B ordinary shares of £1 each fully paid in SRE representing 25% of the issued share capital of SRE, will be acquired by Sun Capital for £5.7 million (approximately S$12.2 million). The shares will be sold free

from any encumbrances and together with all rights attaching or accruing to them as at the date of Completion.

In addition, at Completion SSHL, Sun Capital and TSIUK will enter into a Shareholders' Agreement in respect of their participation in SRE and to regulate their relationship *inter se* as its shareholders, and under which Sun Capital will agree to extend its proportionate 25% share of shareholders' loans of up to £4.3 million (approximately S$9.2 million) to SRE. The total commitment for the Investment will therefore be £10 million (approximately S$21.3 million), and will be funded primarily from internal resources. Sun Capital will extend an initial £2.88 million (approximately S$6.1 million) as its proportionate 25% share of shareholders' loans as at Completion. The obligations of SSHL under the Shareholders' Agreement will be guaranteed by SGI. The obligations of Sun Capital and TSIUK will be guaranteed by Metro Holdings Limited and Top Spring International Holdings Limited respectively.

2.2 INFORMATION ON SGI

Founded in 1980, SGI is a UK based real estate developer and investor which has grown into a global player which today has real estate, retail, energy, financial products, cosmetic products, medical services and leisure interests in the UK, Central Europe, North America, Australia, India and China, including Hong Kong.

2.3 INFORMATION ON THE DEVELOPMENTS

The Developments are Middlewood Locks and Milliners Wharf Phase Two, brief details of which are below.

<u>Middlewood Locks, Manchester</u>

Middlewood Locks is a 23.6 acre site lying at the Western boundary of Manchester City Centre, next to the River Irwell and the Trinity Way Inner Ring Road, and a short distance from major roads. Salford City Council have resolved to grant (subject to satisfaction of certain conditions) an excellent high density outline planning consent for about 2.55 million square feet of residential-led, mixed-use development which, with the Manchester property market now showing distinct signs of recovery, has an increasing value and viability. As a 2.6 acre portion of the site was recently acquired, the gross development area of 2.55 million square feet is expected to increase when outline planning consent is granted for the said 2.6 acre portion. Development in phases is anticipated to start by 2015 and SSHL must use reasonable endeavours to substantially commence development within 24 months from the date of the Shareholders' Agreement. Middlewood Locks is envisaged to be a long-term project.

Milliners Wharf Phase Two, Manchester

Milliners Wharf is located at Munday Street in the New Islington area of Manchester. The 1.06 acre site is adjacent to the Ashton Canal and is just one mile from Manchester City Centre with the added benefit of the Metro-link tram service extension. Planning consent for phase 2 of Milliners Wharf, which comprises 144 apartments and complementary retail, has been granted. The development is expected to start this year (in which case completion is expected in 2016) and SSHL must use reasonable endeavours to substantially commence development within 12 months after the date of the Shareholders' Agreement.

3. RATIONALE FOR THE INVESTMENT

The Investment is in the ordinary course of the property investment and development business of the Company and its subsidiaries ("Metro Group") and is in line with the Company's stated intention to continue to broaden the Metro Group's revenue streams and facilitate sustained profitability through selective positioning, new investments in property development and strategic alliances with experienced and local partners. The Investment, while not significant to the Metro Group as a whole, will nonetheless enable the Metro Group to extend its property interests beyond the region and the PRC, the latter being a market in which the Metro Group has made, and expects to continue to make, significant investments.

4. CONSIDERATION/NTA

The purchase consideration for the 25% equity stake in SRE of £5.7 million will be satisfied wholly in cash, and is payable in full upon Completion. The purchase consideration was arrived at based on arm's length negotiations, taking into account the unaudited pro-forma consolidated net tangible assets of the SRE Group as at the date of Completion, adjusted for the fair value of the underlying properties, of £32.2 million (approximately S$68.7 million).

The entire freehold and leasehold interests in a portion of the Middlewood Locks site known as Area G have not been acquired by the SRE Group. In the event that the acquisition of Area G by the SRE Group is not completed within three years from the date of the SPA, SSHL shall if demanded by Sun Capital, repay to Sun Capital a sum which is equivalent to 19.59% of the value of Area G valued at 1 May 2014 by an independent valuer. Approximately 242,700 square feet of gross development area is estimated to be associated with Area G.

5. FINANCIAL EFFECTS

The Investment is not expected to have any material effect on the consolidated net tangible assets per share or the consolidated earnings per share of the Metro Group for the current financial year ending 31 March 2015.

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

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

7. COMPLIANCE WITH RULE 704(17)(C) OF THE LISTING MANUAL

As the proposed Investment will, upon completion, result in SRE and its subsidiaries becoming associated companies of Metro, this announcement is made pursuant to and for the purposes of compliance to Rule 704(17)(c) of the Listing Manual.

By Order Of The Board

Tan Ching Chek and Lee Chin Yin
Joint Company Secretaries
2 July 2014