

METRO HOLDINGS LIMITED

(Company Registration No. 197301792W)

DIVESTMENT IN THE ORDINARY COURSE OF BUSINESS OF METRO HOLDINGS LTD'S EFFECTIVE INTEREST OF 50% IN THE JOINTLY CONTROLLED ENTITIES OWNING EC MALL, BEIJING, PEOPLE'S REPUBLIC OF CHINA ("PRC")

1. INTRODUCTION

Metro Holdings Limited ("Metro" or the "Company") wishes to announce that Nordevo Investments Ltd ("Nordevo"), its indirect 50% held jointly controlled entity, has entered into a Sale and Purchase Agreement ("SPA") to sell its 100% interest in the issued capital of China East Investment Ltd ("CEI") (the "Divestment") to an independent and unrelated party. CEI's wholly owned subsidiary, ECM Property Holdings (Tianjin) Co Ltd ("EPHC"), owns the retail mall property, EC Mall, in Beijing, PRC. Nordevo is a 50% jointly controlled entity of Crown Investments Ltd ("Crown"). Crown 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 Salient Terms of the SPA

The SPA provides for the sale of all of the issued share capital of HK\$5,000 of CEI for approximately US\$179.5 million and payment for the novation of the shareholders loan of approximately US\$123.2 million. The consideration is based on the value of EC Mall of RMB2.5 billion.

2.2 Information on EC Mall

EC Mall comprises a 6-storey, 4-basement retail mall and is located in the Zhongguancun District, Beijing, PRC. It has about 29,027 square meters of net lettable area. As at 31 December 2014, the retail mall was 99.5% occupied.

3. RATIONALE FOR THE DIVESTMENT

EPHC completed EC Mall in 2009 and the retail mall has achieved a take up rate of 99.5% as at 31 December 2014 after various adjustments to the tenant mix. The property is considered matured, having effectively attained full occupancy with stable rental income. It is therefore considered an appropriate time to divest CEI.

The Divestment of the jointly controlled entities, CEI and EPHC, 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.

4. CONSIDERATION

The Metro Group's 50% share of the consideration for the sale of the issued share capital of CEI of approximately US\$89.7 million (approximately S\$122.7 million) was arrived at by negotiations on a willing seller, willing buyer basis and is to be wholly satisfied in cash.

5. NTA / FINANCIAL EFFECTS

The Metro Group's share of EC Mall's net profit after tax, equity accounted for in the results for the nine months ended 31 December 2014, was about S\$11.6 million of which S\$8.0 million comprised a gain on fair value adjustments on investment property. As at 31 December 2014, CEI was equity accounted for in the consolidated accounts of the Metro Group at a NTA of S\$76.9 million. The NTA as at 31 December 2014 included the Metro Group's share of accumulated revaluation surpluses previously accounted for, being gains on fair value adjustments of the EC Mall investment property of S\$62.7 million (net of tax).

The Divestment of CEI by Nordevo is expected to result in a further divestment gain on disposal of jointly controlled entities estimated at S\$37.2 million (net of charges and tax but including translation and other reserves transferred to profit or loss upon disposal) which will be recognized on completion of the SPA. Other than the foregoing, the Divestment, is not expected to have any significant impact on the consolidated net tangible asset per share and the consolidated earnings per share of the Metro Group for the 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 Divestment other than through their shareholding interests (if any) in the Company.

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

As the proposed Divestment will, upon completion, result in CEI and EPHC ceasing to be jointly controlled entities 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
24 March 2015