METRO HOLDINGS LIMITED
(Company Registration No. 197301792W)

DIVESTMENT IN THE ORDINARY COURSE OF BUSINESS OF METRO HOLDINGS LTD'S EFFECTIVE INTEREST OF 10.7% IN THE ASSOCIATED COMPANIES OWNING SIX TESCO LIFESPACE DEVELOPMENTS LOCATED IN ANSHAN, FUSHUN, QINHUANGDAO, FUZHOU, XIAMEN AND SHENYANG, PEOPLE'S REPUBLIC OF CHINA ("PRC")

1. INTRODUCTION

The Board of Directors of Metro Holdings Limited ("Metro" or the Company) wishes to announce that

(a) Diamond Wind Company Limited ("Diamond Wind"), its indirect 21.4% associated company, has entered into a Sale and Purchase Agreement ("SPA") to sell its 50% interest in the issued share capital of Anshan (BVI) Ltd ("ABL"), Fushun (BVI) Ltd ("FBL") and Qinhuangdao (BVI) Ltd ("QBL") to an independent and unrelated party; and

(b) at the same time, Metro's indirect 21.4% associated company, Choice Bright Holdings Limited ("Choice Bright"), has also entered into the same SPA to sell its 50% interest in the issued share capital of Pushang (BVI) Co Ltd ("PBCL"), Qixing (BVI) Co Ltd ("QBCL") and Shenyang (BVI) Co Ltd ("SBCL");

(collectively known as the "Divestment")

Through intermediate holding companies, ABL owns Tesco Lifespace Anshan, FBL owns Tesco Lifespace Fushun, QBL owns Tesco Lifespace Qinhuangdao, PBCL owns Tesco Lifespace Fuzhou, QBCL owns Tesco Lifespace Xiamen and SBCL owns Tesco Lifespace Shenyang.

Diamond Wind and Choice Bright are 21.4% associated companies 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.

China Property Holdings (HK) Limited ("CPHL") owns the balance 50% interest in the issued share capital of ABL, FBL, QBL, PBCL, QBCL and SBCL (the "Six BVI Holding Companies"). CPHL is a wholly-owned subsidiary of Tesco plc ("Tesco").

2. INFORMATION RELATING TO THE DIVESTMENT

2.1 Salient Terms of the SPA

The SPA provides for the sale of 50% of the issued share capital of the Six BVI Holding Companies to an independent and unrelated party for a consideration of approximately US$ 205.2 million.

2.2 Information on the Six Developments

Tesco Lifespace Anshan comprises of a 5-storey, 1-basement retail mall with about 51,664 square metres of leasable retail space, 1,656 residential units, 1,459 service apartment units and 86 commercial skirts of which certain residential units and service apartments have been sold.

Tesco Lifespace Fushun comprises of a 5-storey, 2-basement retail mall which offers about 36,619 square metres of leasable retail space.

Tesco Lifespace Qinhuangdao is a 4-storey, 2-basement retail mall with about 33,123 square metres of leasable retail space.

Tesco Lifespace Fuzhou comprises of a 4-storey, 2-basement retail mall with about 28,808 square metres of leaseable retail space.

Tesco Lifespace Xiamen comprises of a 3-storey, 1-basement retail mall with about 29,472 square metres of leasable retail space.

Tesco Lifespace Shenyang comprises of a 5-storey, 2-basement retail mall offering about 37,773 square metres of leasable retail space.

3. RATIONALE FOR THE DIVESTMENT

In October 2013, Tesco announced that it had entered into definitive agreements with China Resources Enterprise Limited, to combine their Chinese retail operations to form the leading multiformat retailer in China. It is therefore considered an appropriate time to divest the Six BVI Holding Companies.

The Divestment of 50% of the issued share capital of the associated companies, the Six BVI Holding Companies, 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 21.4% share of the consideration under the SPA is approximately US$43.9 million (approximately S$ 57.3 million), which 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 Diamond Wind's and Choice Bright's net loss after tax, equity accounted for in the results for the half year ended 30 September 2014, was about S$1.8 million. As at 30 September 2014, Diamond Wind and Choice Bright were equity accounted for in the consolidated accounts of the Metro Group at a NTA of approximately S$41.2 million.

The Divestment of the Six BVI Holding Companies by Diamond Wind and Choice Bright is expected to result in a divestment gain on disposal of associated companies to be included with the Metro Group's share of associated companies results estimated at about S$ 13.0 million (net of charges, other adjustments and tax) 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 the Six BVI Holding Companies and their subsidiaries ceasing to be associated companies 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
18 December 2014