

METRO HOLDINGS LIMITED

(Company Registration No. 197301792W)

METRO GROUP GROWS ITS PRESENCE FURTHER IN SHANGHAI – 35% EQUITY INTEREST IN A JV TO ACQUIRE SHANGHAI PLAZA, THE PRC

1. INTRODUCTION

The Board of Directors of Metro Holdings Limited ("Metro" or the "Company") wishes to announce that on 17 May 2018, Shanghai Xing Chu Business Consulting Co. Ltd ("Shanghai Xing Chu"), an indirect wholly-owned subsidiary of Metro China Holdings Pte Ltd ("Metro China Holdings"), has entered into a Shareholders' Agreement (the "SHA") with other individual investors being independent third parties, (together "Joint Venture" or "JV") for the acquisition of a 35% stake in Shanghai Yi Zhou Property Management Co., Ltd. ("Shanghai Yi Zhou") which will be utilised for the purpose of acquiring a mixed-used commercial building. Pursuant to the SHA, Shanghai Xing Chu will contribute an aggregate of Rmb 265 million (approximately S\$ 56 million), in proportion to its 35% equity interest, to the JV for acquiring and operating the mixed-used commercial building.

On the same day, Shanghai Yi Zhou, through its wholly-owned subsidiary, Shanghai Shang Min Business Consulting Co. Ltd. ("Shanghai Shang Min") entered into a Sale and Purchase Agreement (the "SPA") with Hangzhou Huan Bei Silk Clothing City Co., Ltd. ("Hangzhou Huan Bei"), an independent third party, to acquire a 90% stake in Shanghai Yong Ling Property Development Co. Ltd. ("Shanghai Yong Ling") which owns the Shanghai Plaza (the "Property"), located in Huai Hai Zhong Road, Huang Pu district in Shanghai, PRC. The SPA is subject to obtaining shareholder's approval from Hangzhou Huan Bei's ultimate shareholder, which is a listed company on the Shanghai Stock Exchange. It is intended for the JV to acquire the remaining 10% stake in Shanghai Yong Ling by 2020.

The investment is in the ordinary course of Metro and its group of companies' ("Metro Group's") property development business.

2. INFORMATION RELATING TO THE INVESTMENT AND THE PROPERTY

2.1 INFORMATION ON THE INVESTMENT

The total investment cost of the investment (comprising the acquisition price of the Property of Rmb 2,250 million (approximately S\$ 475 million) and the related renovation costs, financing costs, taxes and expenses of Rmb 657 million (approximately S\$ 139 million) is estimated to be Rmb 2,907 million (approximately

S\$ 613 million) (the “Investment”). The total cost for the Investment will be funded by shareholders’ equity, banks and/or independent financial institutions.

2.2 INFORMATION ON THE PROPERTY

Shanghai Plaza is located at Number 138 Huai Hai Zhong Road, Huang Pu district in Shanghai, the PRC. It is a landmark mixed-used commercial building in a prime location situated 500 metres from the Xintiandi Business District and 700 metres from People’s Square. It is also close to train lines and the main expressway.

The gross floor area of 40,693 square metres spans seven floors (one underground floor and six above ground floors) and there is a basement floor area of 12,422 square meters for car park lots.

2.3 INFORMATION ON SHANGHAI YI ZHOU, SHANGHAI SHANG MIN AND SHANGHAI YONG LING

Shanghai Xing Chu has acquired the following associated company :

<u>Name of Corporation</u>	<u>Country of Incorporation</u>	<u>Principal Activity</u>	<u>Shareholding Percentage</u>	<u>Registered Capital (RMB)</u>	<u>Paid Up Capital</u>
Shanghai Yi Zhou Property Management Co., Ltd.	The People’s Republic of China	Business information consulting and enterprise business consulting	35%	280,000,000	NIL

The balance 65% of the above corporation is owned by independent third parties.

Shanghai Yi Zhou owns the following wholly-owned subsidiary:

Name of subsidiary	:	Shanghai Shang Min Business Consulting Co. Ltd.
Country of incorporation	:	The People’s Republic of China
Registered Capital	:	RMB10,000,000
Paid Up Capital	:	Nil
Shareholder	:	Shanghai Yi Zhou

Shanghai Shang Min acquired 90% of the following subsidiary:

Name of subsidiary	:	Shanghai Yong Ling Property Development Co. Ltd.
Country of incorporation	:	The People's Republic of China
Registered Capital	:	RMB 500,000,000
Paid Up Capital	:	RMB 500,000,000
Shareholder	:	90% - Shanghai Shang Min 10% - Hangzhou Huan Bei

Shanghai Yong Ling owns the Property, located in Huai Hai Zhong Road, Huang Pu district in Shanghai, PRC.

3. RATIONALE FOR THE PROPOSED INVESTMENT

The Investment represents an excellent proposition to acquire a landmark mixed-used commercial building in a prime location with the ability to enhance returns via multiple active asset management strategies through a re-development and upgrading plan for both office and retail usage in the coming years. This will present the opportunity for lease re-structuring which will then generate higher stable returns after the re-development and upgrading plan. This investment will further grow Metro's presence in the prime districts of Shanghai, the first-tier city of PRC.

Currently Metro owns 60% of Metro City and Metro Tower, strategically located at Xujiahui, Shanghai, PRC. Metro City, is a retail mall positioned as a lifestyle entertainment centre with nine levels of space, spanning across a lettable area of approximately 40,000 square meters, while Metro Tower is a 26 floors Grade A office building offering over 40,000 square meters of lettable area. Both buildings are located in a prime regional district center directly linked to an underground MRT.

The Investment is in line with Metro Group's stated intention to build its 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 35% equity commitment for the Investment is approximately Rmb 265 million (approximately S\$ 56 million), and was arrived at based on arm's length negotiations.

The Metro Group's commitment and expenses relating to the transaction will be funded from internal cash sources and debt.

5. NTA/FINANCIAL EFFECTS

The above Investment is not expected to have any significant effect on the consolidated net tangible asset per share and the consolidated earnings per share of the Metro Group for the current financial year ending 31 March 2019.

6. 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 above matter other than through their shareholding interests in the Company.

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

As the proposed Investment will, upon completion, result in Shanghai Yi Zhou 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
17 May 2018