
LETTER TO SHAREHOLDERS



METRO HOLDINGS LIMITED

Company Registration No.: 197301792W
(Incorporated in the Republic of Singapore)

Registered office: 391A Orchard Road #19-00 Tower A, Ngee Ann City, Singapore 238873

30 June 2017

To the shareholders of
METRO HOLDINGS LIMITED

Dear Sir/Madam

1. INTRODUCTION

- 1.1 Summary.** We refer to Resolution 9 in the Notice convening the Forty-Fourth Annual General Meeting of Metro Holdings Limited (the “**Company**”) to be held on 17 July 2017 (“**AGM**”). Resolution 9 relates to the renewal of the Company’s share purchase mandate (the “**Share Purchase Mandate**”).
- 1.2 This Letter.** The purpose of this Letter is to provide shareholders of the Company (“**Shareholders**”) with information relating to the proposal for the renewal of the Share Purchase Mandate, to be tabled at the AGM.

2. THE RENEWAL OF THE SHARE PURCHASE MANDATE

- 2.1 Background.** Shareholders had approved the renewal of the Share Purchase Mandate at the Forty-Third Annual General Meeting of the Company held on 28 July 2016 (“**2016 AGM**”). The authority and limitations of the Share Purchase Mandate were set out in the Company’s Letter to Shareholders dated 12 July 2016 and the ordinary resolution relating to the Share Purchase Mandate in the notice of the 2016 AGM. The Share Purchase Mandate approved at the 2016 AGM was expressed to continue in force until the next Annual General Meeting of the Company and, as such, will be expiring on 17 July 2017, being the date of the forthcoming AGM. It is proposed that the Share Purchase Mandate be renewed at the AGM. Accordingly, Resolution 9 will be tabled as an ordinary resolution for Shareholders’ approval at the AGM.
- 2.2 Rationale.** The Share Purchase Mandate will give the Company the flexibility to undertake purchases or acquisitions of its ordinary shares (“**Shares**”) at any time, subject to market conditions, during the period that the Share Purchase Mandate is in force. Share purchases or acquisitions allow the Company greater flexibility over its share capital structure with a view to improving, *inter alia*, its return on equity. The Shares which are purchased or acquired may be held as treasury shares which may be used for prescribed purposes pursuant to the Companies Act, Chapter 50 of Singapore (“**Companies Act**”) such as selling treasury shares for cash, transferring them as consideration for the acquisition of assets or transferring them pursuant to a share scheme. The use of treasury shares in lieu of issuing new Shares would also mitigate the dilution impact on existing Shareholders.

It should be noted that the purchase or acquisition of Shares pursuant to the Share Purchase Mandate will only be undertaken if it can benefit the Company and Shareholders. No purchase or acquisition of Shares will be made in circumstances which would have or may have a material adverse effect on the financial position of the Company and its subsidiaries (collectively, the “**Group**”) and/or affect the listing status of the Company on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). In addition, any purchase or acquisition of its Shares has to be made in accordance with, and in the manner prescribed by, the Companies Act, the listing rules of the SGX-ST and such other laws and regulations as may for the time being be applicable.

2.3 Authority and limitations. The authority and limitations on the purchase or acquisition of Shares by the Company under the Share Purchase Mandate for which renewal is sought are summarised below.

(a) Maximum number of Shares

The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Purchase Mandate is limited to that number of Shares representing not more than 10% of the total number of issued Shares (excluding any Shares held by the Company as treasury shares and any Shares held by subsidiaries of the Company in the circumstances referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act (“**subsidiary holdings**”)) as at the date of the AGM. Under the Companies Act and the Listing Manual of the SGX-ST (“**Listing Manual**”), treasury shares and subsidiary holdings are to be disregarded for the purposes of computing the 10% limit. As at 2 June 2017 (the “**Latest Practicable Date**”), the Company had 3,512,800 treasury shares and no subsidiary holdings.

Purely for illustrative purposes, on the basis of 828,035,874 issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date and assuming that between the Latest Practicable Date and the date of the AGM (i) no new Shares are issued, (ii) no further Shares are repurchased by the Company and cancelled or held as treasury shares, (iii) no treasury shares are cancelled or used by the Company for any of the prescribed purposes, and (iv) no Shares are subsidiary holdings, then not more than 82,803,587 Shares (representing 10% of the total number of issued Shares as at that date, excluding treasury shares and subsidiary holdings) may be purchased or acquired by the Company pursuant to the Share Purchase Mandate.

(b) Duration of authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the AGM, at which the Share Purchase Mandate is approved, up to:

- (i) the date on which the next Annual General Meeting of the Company is held or required by law to be held;
- (ii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Company in general meeting; or
- (iii) the date on which purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated,

whichever is the earliest.

(c) Manner of purchase or acquisition of Shares

Purchases or acquisitions of Shares may be made by way of:

- (i) market purchases (“**Market Purchases**”); and/or
- (ii) off-market purchases (“**Off-Market Purchases**”).

Market Purchases refer to purchases or acquisitions of Shares by the Company effected on the SGX-ST or, as the case may be, other stock exchange for the time being on which the Shares may be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose.

Off-Market Purchases refer to purchases or acquisitions of Shares by the Company made under an equal access scheme or schemes for the purchase or acquisition of Shares from Shareholders. The Directors of the Company (“**Directors**”) may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual and the Companies Act as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. Under the Companies Act, an Off-Market Purchase must, however, satisfy all the following conditions:

- (1) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (2) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (3) the terms of all the offers shall be the same, except that there shall be disregarded:
 - (aa) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements; and
 - (bb) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

Additionally, the Listing Manual provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain, *inter alia*, the following information:

- (A) the terms and conditions of the offer;
- (B) the period and procedures for acceptances;
- (C) the reasons for the proposed Share purchases;
- (D) the consequences, if any, of Share purchases by the Company that will arise under the Singapore Code on Take-overs and Mergers (“**Take-over Code**”) or other applicable take-over rules;
- (E) whether the Share purchases, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (F) details of any Share purchases made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (G) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

(d) Purchase price

The purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors. However, the maximum purchase price (the “**Maximum Price**”) to be paid for a Share as determined by the Directors must not exceed:

- (i) in the case of a Market Purchase, 5% above the Average Closing Price; and
- (ii) in the case of an Off-Market Purchase, the NTAV of a Share,

in either case, excluding related expenses of the purchase or acquisition. For the above purposes:

“Average Closing Price” means the average of the closing market prices of the Shares over the last five market days on which the Shares were transacted on the SGX-ST or, as the case may be, such other stock exchange on which the Shares are listed or quoted, before the date of the Market Purchase by the Company, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs after the relevant five-day period;

“NTAV of a Share” means the net tangible asset value of a Share taken from the latest announced consolidated financial statements of the Company preceding the date of the making of the offer pursuant to the Off-Market Purchase; and

“date of the making of the offer” means the date on which the Company makes an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.4 Status of purchased or acquired Shares. Under the Companies Act, the Shares purchased or acquired by the Company shall be deemed cancelled immediately on purchase or acquisition, and all rights and privileges attached to those Shares will expire on cancellation, unless such Shares are held by the Company as treasury shares. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company which are cancelled and are not held as treasury shares.

2.5 Treasury shares. Under the Companies Act, the Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below.

(a) Maximum holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares. For this purpose, any Shares that are held by subsidiaries in the circumstances referred to in Sections 21(4B) and 21(6C) of the Companies Act shall be included in computing the 10% limit.

(b) Voting and other rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights. In addition, no dividend may be paid, and no other distribution of the Company’s assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury share is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(c) Disposal and cancellation

Where Shares are held as treasury shares, the Company may at any time but subject always to the Take-over Code:

- (i) sell the treasury shares for cash;
- (ii) transfer the treasury shares for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons;
- (iii) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the treasury shares; or

- (v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

Under the Listing Manual, immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the “usage”). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares of the usage, the number of treasury shares before and after the usage, the percentage of the number of treasury shares of the usage against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after the usage, and the value of the treasury shares of the usage.

2.6 Source of funds. In purchasing or acquiring Shares pursuant to the Share Purchase Mandate, the Company may only apply funds legally available for such purchase or acquisition in accordance with the Constitution of the Company and applicable laws. Under the Companies Act, any payment made by the Company in consideration of the purchase or acquisition of its Shares may be made out of the Company’s capital and/or profits so long as the Company is solvent. The Company intends to use internal sources of funds, external borrowings, or a combination of internal resources and external borrowings, to finance purchases or acquisitions of its Shares. The Directors do not propose to exercise the Share Purchase Mandate to such extent that it would materially affect the working capital requirements, financial flexibility or investment ability of the Group.

2.7 Financial effects. The financial effects on the Group and the Company arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on, *inter alia*, whether the Shares are purchased or acquired out of capital and/or profits of the Company, the aggregate number of Shares purchased or acquired, and the consideration paid at the relevant time. The financial effects on the Group and the Company based on the audited financial statements of the Group and the Company for the financial year ended 31 March 2017 are based on the assumptions set out below.

(a) Purchase or acquisition out of capital and/or profits

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company’s capital and/or profits so long as the Company is solvent.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

(b) Maximum Price paid for Shares purchased or acquired

Based on 828,035,874 issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date, the purchase by the Company of 10% of such issued Shares will result in the purchase or acquisition of 82,803,587 Shares.

Assuming that the Company purchases or acquires the 82,803,587 Shares at the Maximum Price on the Latest Practicable Date, the maximum amount of funds required is approximately:

- (i) in the case of Market Purchases of Shares, \$101,020,376 based on \$1.22 for each Share (being the price equivalent to 5% above the Average Closing Price of the Shares traded on the SGX-ST over the last five market days preceding the Latest Practicable Date); and
- (ii) in the case of Off-Market Purchases of Shares, \$134,969,847 based on \$1.63 for each Share (being the price equivalent to the NTAV of a Share taken from the unaudited financial results of the Company and Group for the financial year ended 31 March 2017 released by the Company on 30 May 2017).

For illustrative purposes only, on the basis of the assumptions set out above as well as the following:

- (1) the Share Purchase Mandate had been effective on 1 April 2016;
- (2) the purchase of Shares took place at the beginning of the financial year on 1 April 2016;
- (3) there was no issuance of Shares after the Latest Practicable Date; and
- (4) the Share purchases were funded entirely by internal resources,

the financial effects on the audited financial statements of the Group and the Company for the financial year ended 31 March 2017 would have been as follows:

MARKET PURCHASE ⁽¹⁾

| | GROUP | | COMPANY | |
|--|---------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|
| | Before Share Purchase \$'000 | After Share Purchase \$'000 | Before Share Purchase \$'000 | After Share Purchase \$'000 |
| As at 31 March 2017 | | | | |
| Share Capital | 169,717 | 169,717 | 169,717 | 169,717 |
| Treasury Shares | (1,768) | (102,789) | (1,768) | (102,789) |
| Fair Value Reserve | 3,366 | 3,366 | - | - |
| Foreign Currency Translation Reserve | (50,177) | (50,177) | - | - |
| Statutory Reserve | 3,880 | 3,880 | - | - |
| Revenue Reserve | 1,221,734 | 1,221,734 | 103,071 | 103,071 |
| Other Reserves | 1,474 | 1,474 | - | - |
| | | | | |
| Equity Attributable to Equity Holders of the Company | 1,348,226 | 1,247,205 | 271,020 | 169,999 |
| Non-Controlling Interests | 2,473 | 2,473 | - | - |
| | | | | |
| Total Equity | 1,350,699 | 1,249,678 | 271,020 | 169,999 |
| | | | | |
| Current Assets | 460,225 | 359,204 | 9,404 | 212 |
| Current Liabilities | 175,247 | 175,247 | 5,749 | 97,578 |
| Borrowings | 65,915 | 65,915 | - | - |
| Cash and Cash Equivalents | 278,164 | 177,143 | 9,192 | - |
| Net Tangible Assets (NTA) ⁽²⁾ | 1,348,226 | 1,247,205 | 271,020 | 169,999 |
| Net Profit After Tax | 81,019 | 81,019 | 34,770 | 34,770 |
| Profit Attributable to Equity Holders of the Company | 80,682 | 80,682 | 34,770 | 34,770 |
| | | | | |
| Number of Shares ('000) | 828,036 | 745,232 ⁽³⁾ | 828,036 | 745,232 ⁽³⁾ |
| Financial Ratios | | | | |
| NTA per Share (\$) | 1.63 | 1.67 | 0.33 | 0.23 |
| Gearing (times) ⁽⁴⁾ (Net D/E) | Net Cash | Net Cash | Net Cash | NIL |
| Current Ratio (times) ⁽⁵⁾ | 2.6 | 2.0 | 1.6 | 0.0 |
| Earnings per Share (cents) ⁽⁶⁾ | 9.7 | 10.8 | 4.2 | 4.7 |

OFF-MARKET PURCHASE ⁽¹⁾

| | GROUP | | COMPANY | |
|--|---------------------------------|--------------------------------|---------------------------------|--------------------------------|
| | Before Share Purchase \$'000 | After Share Purchase \$'000 | Before Share Purchase \$'000 | After Share Purchase \$'000 |
| As at 31 March 2017 | | | | |
| Share Capital | 169,717 | 169,717 | 169,717 | 169,717 |
| Treasury Shares | (1,768) | (136,738) | (1,768) | (136,738) |
| Fair Value Reserve | 3,366 | 3,366 | - | - |
| Foreign Currency Translation Reserve | (50,177) | (50,177) | - | - |
| Statutory Reserve | 3,880 | 3,880 | - | - |
| Revenue Reserve | 1,221,734 | 1,221,734 | 103,071 | 103,071 |
| Other Reserves | 1,474 | 1,474 | - | - |
| Equity Attributable to Equity Holders of the Company | 1,348,226 | 1,213,256 | 271,020 | 136,050 |
| Non-Controlling Interests | 2,473 | 2,473 | - | - |
| Total Equity | 1,350,699 | 1,215,729 | 271,020 | 136,050 |
| Current Assets | 460,225 | 325,255 | 9,404 | 212 |
| Current Liabilities | 175,247 | 175,247 | 5,749 | 131,527 |
| Borrowings | 65,915 | 65,915 | - | - |
| Cash and Cash Equivalents | 278,164 | 143,194 | 9,192 | - |
| Net Tangible Assets (NTA) ⁽²⁾ | 1,348,226 | 1,213,256 | 271,020 | 136,050 |
| Net Profit After Tax | 81,019 | 81,019 | 34,770 | 34,770 |
| Profit Attributable to Equity Holders of the Company | 80,682 | 80,682 | 34,770 | 34,770 |
| Number of Shares ('000) | 828,036 | 745,232 ⁽³⁾ | 828,036 | 745,232 ⁽³⁾ |
| Financial Ratios | | | | |
| NTA per Share (\$) | 1.63 | 1.63 | 0.33 | 0.18 |
| Gearing (times) ⁽⁴⁾ (Net D/E) | Net Cash | Net Cash | Net Cash | NIL |
| Current Ratio (times) ⁽⁵⁾ | 2.6 | 1.9 | 1.6 | 0.0 |
| Earnings per Share (cents) ⁽⁶⁾ | 9.7 | 10.8 | 4.2 | 4.7 |

Notes to the foregoing tables:

- (1) The disclosed financial effects remain the same irrespective of whether:
 - (a) the purchase of the Shares is effected out of capital or profits; or
 - (b) the purchased Shares are held in treasury or are cancelled.
- (2) NTA equals to Total Equity less Non-Controlling Interests.
- (3) Exclude 3,512,800 Shares that are held as treasury shares.
- (4) Gearing is defined as Borrowings (net of cash) divided by Equity Attributable to Equity Holders of the Company.
- (5) Current Ratio equals Current Assets divided by Current Liabilities.
- (6) Earnings per Share is based on 828,035,874 Shares and 745,232,287 Shares respectively.

SHAREHOLDERS SHOULD NOTE THAT THE FOREGOING FINANCIAL EFFECTS ARE BASED ON THE AUDITED FINANCIAL STATEMENTS OF THE GROUP AND THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 AND ARE FOR ILLUSTRATION ONLY. THE RESULTS OF THE GROUP AND THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 MAY NOT BE REPRESENTATIVE OF FUTURE PERFORMANCE.

It should be noted that although the Share Purchase Mandate would authorise the Company to purchase or acquire up to 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10%. In addition, the Company may cancel or hold in treasury all or part of the Shares purchased or acquired. The Company will take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of a share purchase before execution.

- 2.8 Taxation.** Shareholders who are in doubt as to their respective tax positions or any tax implications, or who may be subject to tax in a jurisdiction outside Singapore, should consult their own professional advisers.
- 2.9 Listing status of the Shares.** The Listing Manual requires a listed company to ensure that at least 10% of the total number of its issued shares (excluding treasury shares, preference shares and convertible equity securities) in a class that is listed is held by public shareholders at all times.

As at the Latest Practicable Date, approximately 49.01% of the total number of issued Shares (excluding treasury shares) are held by public shareholders. Accordingly, the Company is of the view that there is a sufficient number of the Shares in issue held by public shareholders which would permit the Company to undertake purchases or acquisitions of its Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate without adversely affecting the listing status of the Shares on the SGX-ST. The Company will consider investor interests when maintaining a liquid market in its securities, and will ensure that there is a sufficient float for an orderly market in its securities when purchasing its Shares.

- 2.10 Listing rules.** The Listing Manual restricts a listed company from purchasing shares by way of market purchases at a price per share which is more than 5% above the “average closing price”, being the average of the closing market prices of the shares over the last five market days on which transactions in the shares were recorded, before the day on which the purchases were made, as deemed to be adjusted for any corporate action that occurs after the relevant five-day period. The Maximum Price for a Share in relation to Market Purchases referred to in Paragraph 2.3 above complies with this requirement. Although the Listing Manual does not prescribe a maximum price in relation to purchases of shares by way of off-market purchases, the Company has set a cap of the consolidated net asset value of a Share as the Maximum Price for a Share to be purchased or acquired by way of an Off-Market Purchase.

While the Listing Manual does not expressly prohibit any purchase or acquisition of shares by a listed company during any particular time or times, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Purchase Mandate at any time after any matter or development of a price sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board of Directors of the Company until such price sensitive information has been publicly announced. In particular, in line with the Company’s internal guide on securities dealings, the Company will not purchase or acquire any Shares through Market Purchases during the two weeks immediately preceding, and up to the time of the announcement of, the Company’s results for each of the first three quarters of its financial year and during the one month preceding, and up to the time of announcement of, the Company’s results for the full financial year.

2.11 Reporting requirements. The Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (a) in the case of a market purchase, on the market day following the day of purchase or acquisition of any of its shares, and (b) in the case of an off-market purchase under an equal access scheme, on the second market day after the close of acceptances of the offer. Such announcement (which must be in the form prescribed by the Listing Manual) must include details of the date of the purchase, the total number of shares purchased, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, and the total consideration (including stamp duties and clearing charges) paid or payable for the shares.

2.12 Take-over implications. The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code. Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

(a) Obligation to make a take-over offer

If, as a result of any purchase or acquisition by the Company of its Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Take-over Code.

(b) Persons acting in concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company.

Unless the contrary is established, the Take-over Code presumes, *inter alia*, the following individuals and companies to be persons acting in concert with each other:

- (i) the following companies:
 - (a) a company;
 - (b) the parent company of (a);
 - (c) the subsidiaries of (a);
 - (d) the fellow subsidiaries of (a);
 - (e) the associated companies of any of (a), (b), (c) or (d);
 - (f) companies whose associated companies include any of (a), (b), (c), (d) or (e); and
 - (g) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights; and

- (ii) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts). Close relatives include immediate family (i.e. parents, siblings, spouse and children), siblings of parents (i.e. uncles and aunts) as well as their children (i.e. cousins) and children of siblings (i.e. nephews and nieces).

(c) Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or in the event that such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than 1% in any period of 6 months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of 6 months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

The interests of the Directors and the substantial Shareholders of the Company are set out in Paragraph 4 below.

As at the Latest Practicable Date, the Directors are not aware of any facts or factors which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded as parties acting in concert such that their respective interests in issued voting shares of the Company should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate.

SHAREHOLDERS WHO ARE IN DOUBT AS TO THEIR OBLIGATIONS, IF ANY, TO MAKE A MANDATORY TAKE-OVER OFFER UNDER THE TAKE-OVER CODE AS A RESULT OF ANY PURCHASE OR ACQUISITION OF SHARES BY THE COMPANY SHOULD CONSULT THE SECURITIES INDUSTRY COUNCIL AND/OR THEIR PROFESSIONAL ADVISERS AT THE EARLIEST OPPORTUNITY.

- 2.13 Particulars of Shares purchased in the past year.** As at the Latest Practicable Date, the Company has not purchased any Shares pursuant to the Share Purchase Mandate approved at the 2016 AGM.

3. DIRECTORS' RECOMMENDATION

The Directors are of the opinion, for the reasons set out in Paragraph 2.2 above, that the Share Purchase Mandate is in the interests of the Company. They accordingly recommend that Shareholders vote in favour of Resolution 9 relating to the renewal of the Share Purchase Mandate at the AGM.

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

4.1 Interests of Directors. The interest of a Director in the issued Shares, based on the Company's Register of Directors' Shareholdings, as at the Latest Practicable Date, is as follows:

| Director | No. of Shares | | No. of Shares | |
|-----------------|-----------------|---|-----------------|-------|
| | Direct Interest | % | Deemed Interest | % |
| Mr Phua Bah Lee | - | - | 72,576 | 0.009 |

Note:

"%" is based on 828,035,874 issued Shares (excluding treasury shares) as at the Latest Practicable Date.

4.2 Interests of substantial Shareholders. The interests of substantial Shareholders in the issued Shares, based on the Company's Register of Substantial Shareholders, as at the Latest Practicable Date, are as follows:

| Substantial Shareholders | No. of Shares | | No. of Shares | |
|----------------------------------|-----------------|------------------|----------------------------|------------------|
| | Direct Interest | % ⁽⁸⁾ | Deemed Interest | % ⁽⁸⁾ |
| Eng Kuan Company Private Limited | 133,555,636 | 16.129 | 55,439,999 ⁽¹⁾ | 6.695 |
| Dynamic Holdings Pte Ltd | - | - | 48,293,203 ⁽²⁾ | 5.832 |
| Leroy Singapore Pte Ltd | 47,758,905 | 5.768 | - | - |
| Ong Jen Yaw | 70,540 | 0.009 | 215,503,049 ⁽³⁾ | 26.026 |
| Ong Ling Ling | 75,360 | 0.009 | 237,288,838 ⁽⁴⁾ | 28.657 |
| Ong Ching Ping | 63,360 | 0.008 | 237,288,838 ⁽⁴⁾ | 28.657 |
| Ong Jenn | 63,360 | 0.008 | 285,047,743 ⁽⁵⁾ | 34.425 |
| Ong Sek Hian (Wang ShiXian) | 63,360 | 0.008 | 285,047,743 ⁽⁵⁾ | 34.425 |
| Ngee Ann Development Pte Ltd | 82,995,056 | 10.023 | - | - |
| Ngee Ann Kongsi | - | - | 82,995,056 ⁽⁶⁾ | 10.023 |
| Takashimaya Company Limited | - | - | 82,995,056 ⁽⁷⁾ | 10.023 |

Notes:

- (1) Eng Kuan Company Private Limited ("**Eng Kuan**")'s deemed interest is held through Maybank Nominees (Singapore) Private Limited.
- (2) Dynamic Holdings Pte Ltd ("**Dynamic**")'s deemed interest is held through Citibank Nominees Singapore Pte Ltd.
- (3) Mr Ong Jen Yaw's deemed interest is held through Eng Kuan (188,995,635 Shares) and Citibank Nominees Singapore Pte Ltd (26,507,414 Shares). Mr Ong Jen Yaw is deemed to be interested in the Shares through his interest in Eng Kuan.
- (4) Ms Ong Ling Ling's and Ms Ong Ching Ping's deemed interests are each held through their respective interests in Dynamic and Eng Kuan.
- (5) Mr Ong Jenn's and Mr Ong Sek Hian (Wang ShiXian)'s deemed interests are each held through their respective interests in Dynamic, Eng Kuan and Leroy Singapore Pte Ltd.
- (6) Ngee Ann Kongsi is deemed to be interested in the Shares through its interest in Ngee Ann Development Pte Ltd.
- (7) Takashimaya Company Limited is deemed to be interested in the Shares through its interest in Ngee Ann Development Pte Ltd.
- (8) "%" is based on 828,035,874 issued Shares (excluding treasury shares) as at the Latest Practicable Date.

5. RESPONSIBILITY STATEMENT

- 5.1 Directors' responsibility.** The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm, after having made all reasonable enquiries that, to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts about the proposed renewal of the Share Purchase Mandate, and the Company and its subsidiaries which are relevant to the proposed renewal of the Share Purchase Mandate, and the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading. Where information in this Letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Letter in its proper form and context.
- 5.2 Disclaimer.** The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed in this Letter. Shareholders who are in any doubt as to the action they should take should consult their stockbrokers or other professional advisers immediately.

Yours faithfully

METRO HOLDINGS LIMITED

Lt Gen (Retd) Winston Choo Wee Leong
Chairman