

Asset Acquisitions and Disposals::SETTING UP OF A SUBSIDIARY FOR THE PURPOSE OF EXTENDING A SHAREHOLDER LOAN TO AN ASSOCIATE COMPANY

Issuer & Securities

Issuer/ Manager	METRO HOLDINGS LTD
Stapled Security	No

Announcement Details

Announcement Title	Asset Acquisitions and Disposals
Date & Time of Broadcast	26-Oct-2018 22:07:26
Status	New
Announcement Sub Title	SETTING UP OF A SUBSIDIARY FOR THE PURPOSE OF EXTENDING A SHAREHOLDER LOAN TO AN ASSOCIATE COMPANY
Announcement Reference	SG181026OTHRUGQL
Submitted By (Co./ Ind. Name)	Tan Ching Chek
Designation	Company Secretary
Description (Please provide a detailed description of the event in the box below)	Please refer to the attached file.
Attachments	Ann-Setting_up_subsi_for_granting_loan.pdf Total size =269K

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METRO HOLDINGS LIMITED

(Company Registration No. 197301792W)

SETTING UP OF A SUBSIDIARY FOR THE PURPOSE OF EXTENDING A SHAREHOLDER LOAN TO AN ASSOCIATE COMPANY

1. INTRODUCTION

The Board of Directors of Metro Holdings Limited (“**Metro**” or the “**Company**”) wishes to announce that Metro Property (BVI) Limited (“**Metro Property BVI**”), a wholly-owned subsidiary of Metro Prop Investments Ltd (“**Metro Prop Investments**”), which in turn is a wholly-owned subsidiary of Metro Investments Holdings Pte. Ltd., has set up a 79.17% subsidiary by the name of Metro-LKT (BVI) Limited (“**Metro-LKT (BVI)**”). The balance 20.83% of Metro-LKT (BVI) is held by Lee Kim Tah Holdings Limited (“**LKTHL**”), an independent and unrelated party. Metro Investments Holdings Pte. Ltd. is a wholly-owned subsidiary of the Company.

2. INFORMATION RELATING TO THE SHAREHOLDER LOAN

Metro-LKT (BVI) is incorporated in the British Virgin Islands with an issued share capital of 120 shares of US\$1 each and its principal activity is that of investment holding. It is proposed that Metro Property BVI will utilize Metro-LKT (BVI) to extend a shareholder loan by entering into a secured facility agreement with, among others, Top Spring International (BVI) Limited (“**Top Spring (BVI)**”) and LKTHL.

Top Spring (BVI) is a company incorporated in the British Virgin Islands and its principal business activity is investment holding. It is a wholly-owned subsidiary of Top Spring International Holdings Limited (“**TSI**”, together with its subsidiaries, the “**TSI Group**”), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited, in which the Company has a 14.9% indirect ownership interest as at the date of this announcement.

The principal amount of the facility agreement is US\$120 million (approximately S\$165.6 million) (the “**Loan**”), out of which the amount of the Loan which Metro Property BVI and LKTHL proposes to advance to Top Spring (BVI) is US\$95 million (approximately S\$131.1 million) (the “**Metro Loan**”) and US\$25 million (approximately S\$34.5 million) respectively. The Loan is secured by way of a share charge over 70% of the issued share capital of each of Huge Source Limited (“**Huge Source**”), Progress Link Limited (“**Progress Link**”) and Shine Long Limited (“**Shine Long**”) and the shareholder’s loans provided by Top Spring BVI to Huge Source, Progress Link and Shine Long which will be assigned to Metro-LKT (BVI) as security for Metro Property BVI and LKTHL.

As disclosed in the announcement dated 27 September 2017 of the Company, among other things, Top Spring (BVI) and Firewave Management Limited (“**Firewave**”), an indirect wholly-owned subsidiary of the Company, entered into the respective shareholders’ agreements with each of Huge Source, Progress Link and Shine Long for the purpose of acquiring and operating three completed office buildings. Each of Huge Source, Progress Link and Shine Long is being 70% and 30% held by Top Spring (BVI) and Firewave respectively.

Metro Property (BVI) is an indirect wholly-owned subsidiary of Metro which is a deemed substantial shareholder of TSI, and is therefore an associate of Metro and a connected person of TSI under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). As one or more of the relevant applicable percentage ratios (as defined in the Listing Rules) in relation to the Metro Loan exceed(s) 5%, on an aggregate basis, the entering into of the Metro Loan and the transactions as contemplated thereunder constitutes a connected transaction of TSI under the Listing Rules and are subject to the reporting, announcement and TSI’s independent shareholders’ approval requirements under the Listing Rules.

2.1 INFORMATION ON TSI

TSI is a real estate property developer in the PRC and is principally engaged in real estate investment, property development and property management in the PRC and Hong Kong. Besides this, the TSI Group is actively exploring the “real estate plus” business opportunities such as education in Hong Kong and the PRC which will be an integral part of its principal business in the future.

3. CONSIDERATION

The Metro Group’s commitment for Metro-LKT (BVI)’s investment in the Metro Loan is US\$95 million (approximately S\$131.1 million), and was arrived at based in arm’s length negotiations and will be funded primarily from internal funds and external borrowings.

4. FINANCIAL EFFECTS

The setting up of Metro-LKT (BVI) and the above investment is not expected to have any significant effect on the consolidated net tangible assets per share and consolidated earnings per share of the Metro Group for the current financial year ending 31 March 2019.

5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Mr Lawrence Chiang Kok Sung, the Executive Director and Group Chief Executive Officer of the Company holds 2,750,000 shares and 1,000,000 share options in TSI of which 600,000 share options have been vested. Save as disclosed, 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.

BY ORDER OF THE BOARD

Tan Ching Chek and Eve Chan Bee Leng
Joint Company Secretaries
26 October 2018