

## ASSET ACQUISITIONS AND DISPOSALS::DIVESTMENT OF METRO HOLDINGS LTD INDIRECT INTEREST OF 50% EQUITY STAKE IN PT METROPOLITAN RETAILMART

### Issuer & Securities

#### Issuer/ Manager

METRO HOLDINGS LTD

#### Securities

METRO HOLDINGS LIMITED - SG1111878499 - M01

#### Stapled Security

No

### Announcement Details

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DIVESTMENT OF METRO HOLDINGS LTD INDIRECT INTEREST OF 50% EQUITY STAKE IN PT METROPOLITAN RETAILMART

#### Announcement Reference

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#### 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 for further information.

### Attachments



[PTMRM-12Dec2019.pdf](#)

Total size = 111K MB



**METRO HOLDINGS LIMITED**  
(Company Registration No. 197301792W)

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## **DIVESTMENT OF METRO HOLDINGS LTD'S INDIRECT INTEREST OF 50% EQUITY STAKE IN PT METROPOLITAN RETAILMART**

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### **1. INTRODUCTION**

The Board of Directors of Metro Holdings Limited ("**Metro**" or the "**Company**", together with its subsidiaries, the "**Metro Group**") wishes to announce that its wholly-owned subsidiary, Metro (Private) Limited ("**Metro Pte Ltd**"), has entered into a Deed of Sale and Purchase and sold its entire 50% equity stake in PT Metropolitan Retailmart ("**PT MRM**") to the existing 50% joint-venture partner, PT Trans Corpora ("**Trans Corp**"), through its affiliate company (the "**Divestment**").

At the same time as the Divestment, Metro Pte Ltd has entered into a revised license agreement and granted to PT MRM permission to use its "Metro" trademarks in return for a fee payable to Metro Pte Ltd.

### **2. INFORMATION RELATING TO THE DIVESTMENT**

#### **2.1 Salient Terms of the Divestment**

Metro Pte Ltd sold its 50% equity stake in PT MRM to the affiliate companies of Trans Corp, independent and unrelated parties, for a sale consideration of S\$25 million.

#### **2.2 Information on PT MRM**

PT MRM is an associated company of Metro Pte Ltd. Metro Pte Ltd holds 50% equity stake in PT MRM while an affiliate company of Trans Corp holds the remaining 50% equity stake.

PT MRM currently operates 11 Metro stores spread across Jakarta, Bandung, Surabaya, Makassar, Solo and Manado.

### **3. CONSIDERATION**

The consideration for the sale of 50% of the issued share capital of PT MRM of S\$25 million was arrived at by negotiation on a willing buyer, willing seller basis, taking into account the market value of PT MRM assessed by an independent valuer. The valuation had considered, amongst other factors, earnings, book value of the business and valuation multiples of relevant comparable companies and transactions. It is wholly satisfied in cash.

#### **4. RATIONALE FOR THE DIVESTMENT**

PT MRM opened its first Metro store in Pondok Indah Mall in Jakarta in 1991. Over the past 28 years, PT MRM has established Metro as a purveyor of quality mid-range goods to well-heeled Indonesians, stocking international and famous local brands for clothes, footwear, healthcare, beauty and household products.

The retail market trends today include consumers increasingly moving towards e-commerce and bypassing brick-and-mortar retail outlets, a squeeze on operating profit margins and increasing operating staff and rental costs. With elevated competition, the retail scene in Indonesia is also undergoing many challenges.

The Divestment is in line with the long-term strategy and direction of the Company, and the Metro Group considers that the divestment represents a good opportunity to realise and unlock its value in PT MRM.

This comes on the back of the recent closure of the Centrepoint store in Singapore upon the expiry of its lease. In the recent years, Metro has been rationalising its retail business in response to changing market condition and continues to focus on its core business of retail in Singapore, together with property investment and development.

#### **5. NET TANGIBLE ASSETS (“NTA”) / FINANCIAL EFFECTS**

The Metro Group’s share of PT MRM’s net profit after tax, accounted for in the results for the 6 months ended 30 September 2019, was approximately S\$0.6 million. As at 30 September 2019, the Metro Group’s 50% stake in PT MRM was accounted for in the consolidated accounts of the Metro Group at a NTA of S\$14.3 million.

The Divestment of PT MRM by Metro Pte Ltd is expected to result in a divestment gain on disposal of associated company at approximately S\$9.3 million (net of tax and including translation reserves transferred to profit or loss upon disposal) which will be recognised on completion of the transaction. 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 2020.

#### **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 in the Company.

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

Arising from the Divestment, PT MRM has ceased to be an associated company 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 Eve Chan Bee Leng  
Joint Company Secretaries  
12 December 2019