



SBS TRANSIT LTD
(Company Reg. No. 199206653M)

**NEGOTIATED CONTRACT BETWEEN THE LAND TRANSPORT AUTHORITY ('LTA')
AND SBS TRANSIT LTD UNDER THE BUS CONTRACTING MODEL ('BCM')**

Background

SBS Transit Ltd (the 'Company') wishes to announce that the Company has entered into public bus services contracts (collectively known as the 'Negotiated Contract') with the Land Transport Authority ('LTA') for the operation of public bus services under the Bus Contracting Model ('BCM').

Negotiated Contract

1. The Negotiated Contract shall be effective from 1 September 2016 following the expiry of the Bus Service Operating Licence on 31 August 2016.
2. The Company will operate a total of 8 bus packages. The names of the packages and their respective contract periods in years are: Bukit Merah (2 years), Sengkang-Hougang (5 years), Tampines (8 years), Bishan-Toa Payoh (10 years), Serangoon-Eunos (9 years), Clementi (9 years), Bedok (7 years) and Jurong West (8 years). The contract period of the 8 bus packages averages about 7 years with the Bukit Merah package expiring in two years' time. The remaining 7 bus packages have contract periods that range from 5 to 10 years.
3. The 8 bus packages cover a total of 196 bus services, 5 bus depots, 3 bus parks, 13 bus interchanges and 14 bus terminals. The fleet size required to operate the 8 bus packages is around 2,900 buses.
4. The Company will lease its existing fleet of close to 2,900 buses to LTA. In consideration of the Company using its existing fleet for the provision of the bus services under the Negotiated Contract, LTA will pay the Company a leasing fee based on the depreciation of the buses over the statutory lifespan.
5. In addition to operating and managing bus services to specified performance standards, the Company's responsibilities include the following:
 - (i) Operate, manage and maintain the buses and their on-board equipment;
 - (ii) Operate, and maintain the bus interchanges, bus depots including the equipment and systems therein;

- (iii) Charge and collect fares as approved by the Public Transport Council, on behalf of the LTA, for travel on the bus services;
 - (iv) Provide bus service information at all bus stops and bus interchanges served by the bus services; and
 - (v) Provide customer management services, such as lost and found service, and a hotline for commuter feedback and enquiries.
6. Under the BCM, the LTA will retain all fare revenue collected from the provision of the bus services. Bus revenue will comprise service fee for the provision of bus services, leasing fee and revenue from advertising and rental.
7. The estimated total fee over the contract period averaging around 7 years is \$5.32 billion, excluding adjustments for inflation, changes in wage levels and fuel costs, service variation, and incentive/disincentive payment during the contract period.

The Company believes that the provision of bus services under the BCM is a more sustainable model for the long term. The Negotiated Contract, which is effective from 1 September 2016, is not expected to have a material impact for the current financial year ending 31 December 2016.

None of the Directors of Company has an interest, direct or indirect, in the above. No controlling shareholder of the Company has an interest, direct or indirect, in the above.

By order of the Board

Chan Wan Tak, Wendy
Company Secretary

11 August 2016