

SCHEME DOCUMENT

DATED 6 SEPTEMBER 2016

**IMPORTANT.
YOUR IMMEDIATE ATTENTION
IS REQUIRED.
PLEASE READ CAREFULLY.**

Belford has proposed to acquire all the issued and paid-up ordinary shares⁽¹⁾ of SMRT by way of a scheme of arrangement.

Temasek owns 100% of Belford.

Temasek also owns about 54%⁽²⁾ of SMRT.

Scheme Price

S\$1.68 in cash
for each Share⁽¹⁾



SMRT CORPORATION LTD
(Incorporated in the Republic of Singapore)
(Company Registration No. 200001855H)

BofA Merrill Lynch

Financial Adviser to
SMRT Corporation Ltd



Independent Financial Adviser
to the Independent Directors
of SMRT Corporation Ltd

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form

27 September 2016 at 3.30 p.m.

Date and time of Scheme Meeting

29 September 2016 at 3.30 p.m. or as soon thereafter following the conclusion or adjournment of the NRFF EGM to be held at 2.30 p.m. on the same day and at the same venue, whichever is later.

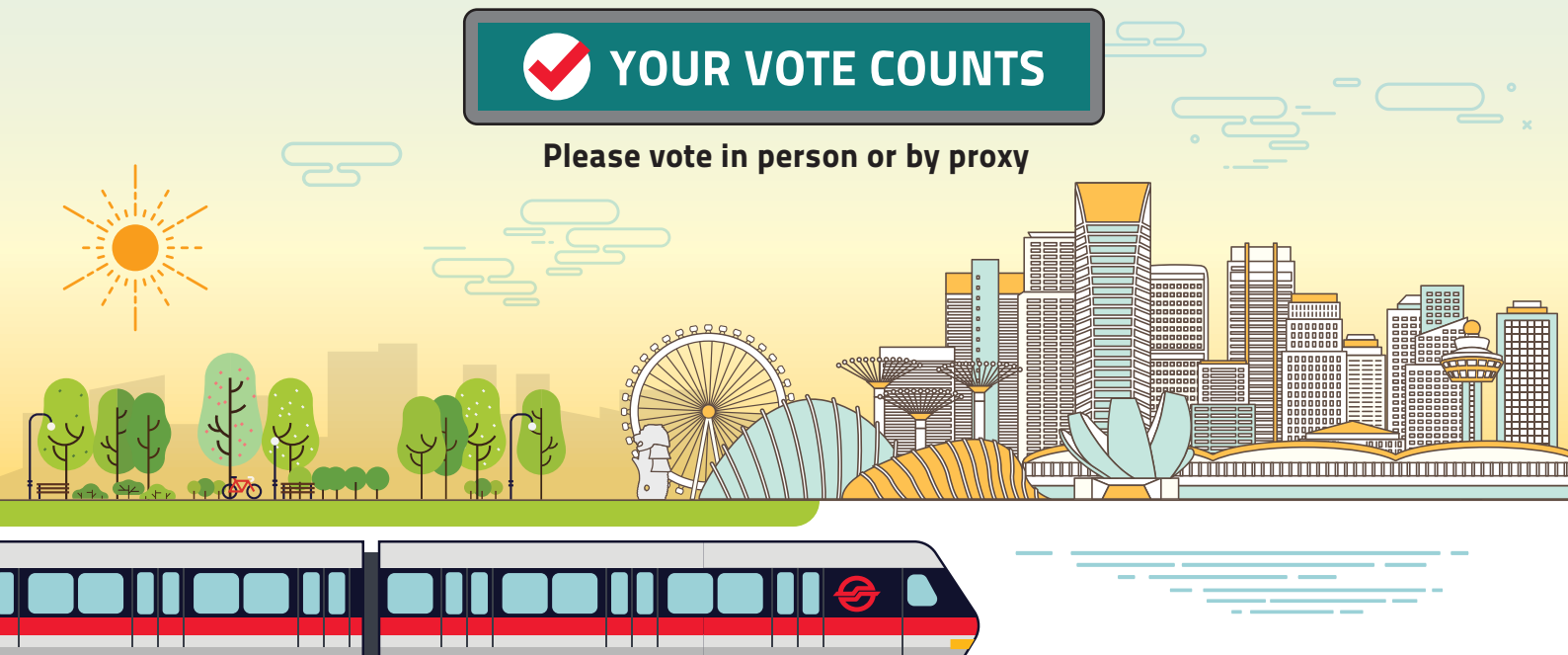
Place of Scheme Meeting

The Star Theatre, Level 5, The Star Performing Arts Centre
1 Vista Exchange Green, Singapore 138617



YOUR VOTE COUNTS

Please vote in person or by proxy



IF YOU ARE IN ANY DOUBT ABOUT THIS SCHEME DOCUMENT OR THE COURSE OF ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

If you have sold or transferred all of your issued and paid-up ordinary shares in the capital of SMRT, you should immediately hand this Scheme Document and the accompanying Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through which the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness or accuracy of any of the statements made, reports contained or opinions expressed in this Scheme Document.

Any reference to a time of day and date in this Scheme Document is made by reference to Singapore time and date respectively, unless otherwise stated.

(1) Other than Shares already held by Temasek.

(2) As at the Latest Practicable Date, Temasek owns approximately 54% of the total number of issued and paid-up ordinary shares in the capital of SMRT.

GLOSSARY OF TERMS

"Belford" or "Offeror"	: Belford Investments Pte. Ltd.
"Company" or "SMRT"	: SMRT Corporation Ltd
"Effective"	: Effective and binding in accordance with the terms of the Scheme
"NRFF"	: New rail financing framework
"NRFF EGM"	: The extraordinary general meeting of the Company in relation to the proposed sale of operating assets in connection with the NRFF
"Scheme"	: The scheme of arrangement under Section 210 of the Companies Act, Chapter 50 of Singapore dated 6 September 2016 as set out on pages 245 to 252 of this Scheme Document
"Temasek"	: Temasek Holdings (Private) Limited



Imbas untuk membaca lipatan sisip dalam Bahasa⁽¹⁾ atau lawati www.smrt.com.sg/Portals/0/Scheme_Malay/Malay.pdf

Scan to read the Gatefold in Malay⁽¹⁾ or go to www.smrt.com.sg/Portals/0/Scheme_Malay/Malay.pdf



முன்மடிப்பிதழை தமிழில் படிக்க⁽¹⁾ ஸ்கேன் செய்யவும் அல்லது பார்க்கவும் www.smrt.com.sg/Portals/0/Scheme_Tamil/Tamil.pdf

Scan to read the Gatefold in Tamil⁽¹⁾ or go to www.smrt.com.sg/Portals/0/Scheme_Tamil/Tamil.pdf

(1) The Malay and Tamil versions are translated from the English version. If there are any discrepancies or conflicts between the English and Malay/Tamil versions, please refer to the English version.

Versi Bahasa Melayu dan Bahasa Tamil diterjemahkan daripada versi Bahasa Inggeris. Jika terdapat sebarang percanggahan antara versi Bahasa Inggeris dan versi Bahasa Melayu/Bahasa Tamil, sila rujuk kepada versi Bahasa Inggeris.

மலாய், தமிழ் பதிப்புகள் ஆங்கிலப் பதிப்பிலிருந்து மொழிபெயர்க்கப்பட்டன. ஆங்கிலப் பதிப்புக்கும் மலாய்/தமிழ் பதிப்புக்கும் இடையில் ஏதேனும் முரண்பாடுகள் இருந்தால், தயவுசெய்து ஆங்கிலப் பதிப்பைப் பயன்படுத்தவும்.

1 WHY DOES TEMASEK WANT TO TAKE SMRT PRIVATE?



Temasek recognises there will be significant risks and challenges under the New Rail Financing Framework ("**NRFF**")⁽¹⁾. These risks are often beyond SMRT's control.

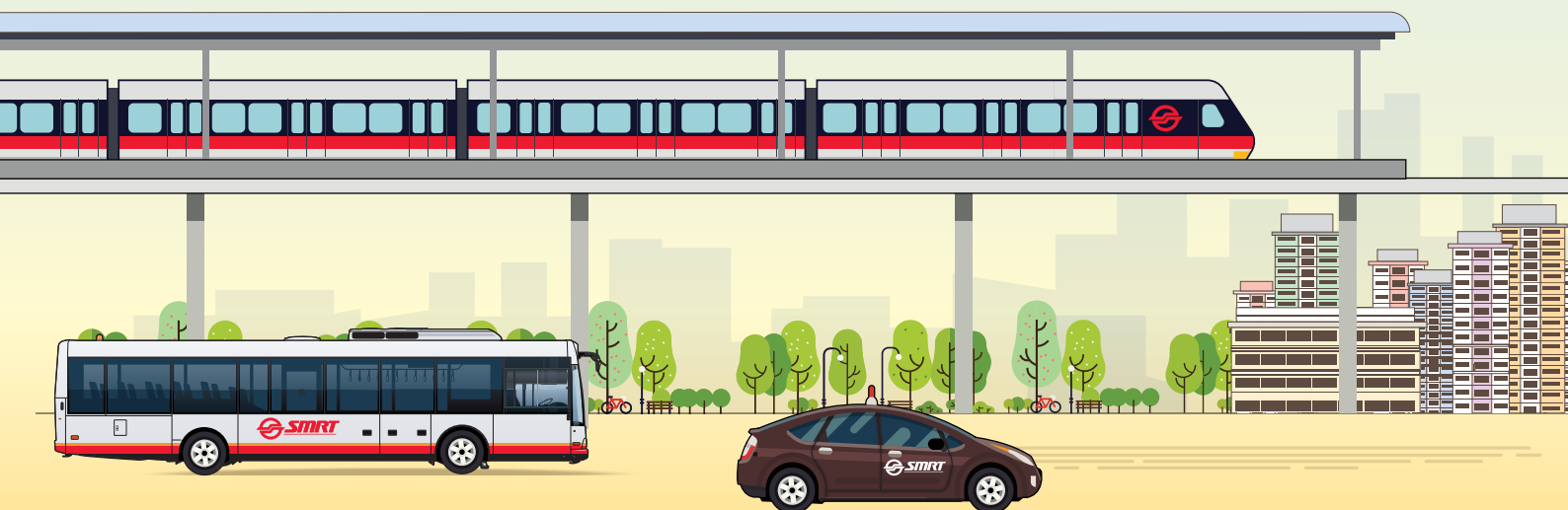
There is also the larger challenge of an ageing network, which needs to be upgraded, alongside significant network expansion plans.

Temasek prefers SMRT to have greater flexibility as a private company to focus on its core role of delivering a safe and reliable service during this transition phase, and ensure high standards of operational excellence.



Temasek is providing an opportunity for minority Shareholders to receive S\$1.68 per Share in cash, and avoid the uncertainties of the regulatory transition to the NRFF and beyond.

This is why Belford, a wholly-owned subsidiary of Temasek, proposes to acquire all of the Shares that Temasek does not own.



(1) More information on the NRFF can be found at <https://www.gov.sg/factually/content/6-things-you-need-to-know-about-the-new-rail-financing-framework>

2 WHAT IS THIS SCHEME OF ARRANGEMENT?

A scheme of arrangement is an established process for acquiring 100% shareholding of a company through a vote at a shareholders' meeting and Court approval.

Belford proposes to acquire all of the Shares that Temasek does not own, at a Scheme Price of S\$1.68 per Share, via a scheme of arrangement.

THE SCHEME PRICE WILL NOT BE INCREASED.

Temasek currently owns about 54%⁽¹⁾ of SMRT, and cannot vote on Belford's proposal at the Scheme Meeting.

YOUR VOTE COUNTS

If you are unable to attend the Scheme Meeting on 29 September 2016 at 3.30 p.m.⁽²⁾ at The Star Theatre, please see pages E11 and E12 on how to complete your Proxy Form.

If the Scheme is approved by minority Shareholders and the Court, minority Shareholders of SMRT will receive S\$1.68 per Share within seven business days from the date the Scheme becomes Effective.

3 WHAT WILL I GET FOR MY SHARES?

If the Scheme is successful⁽³⁾, you will receive **S\$1.68 per Share in cash**, and SMRT Shares will no longer be traded on the Singapore Exchange.

If the Scheme is not successful, Belford will not acquire any Shares or make any payments under the Scheme, and SMRT Shares will continue trading on the Singapore Exchange.

⁽¹⁾ As at the Latest Practicable Date, Temasek owns approximately 54% of the total number of issued and paid-up ordinary shares in the capital of SMRT.

⁽²⁾ Or as soon thereafter following the conclusion or adjournment of the NRFF EGM to be held at 2.30 p.m. on the same day and at the same venue, whichever is later.

⁽³⁾ I.e. becomes Effective.

4 WHAT NEEDS TO HAPPEN FOR THE SCHEME TO BE APPROVED AT THE SCHEME MEETING?

Two conditions must be met for the Scheme to be approved by minority Shareholders at the Scheme Meeting:

A

>50%

"Headcount" Condition:

Of the total number of Shareholders⁽¹⁾ present and voting in person or by proxy at the Scheme Meeting, more than 50% by headcount vote to approve the Scheme.

and

B

≥75%

"Share Count" Condition:

Of the Shares⁽²⁾ voted by Shareholders⁽¹⁾ present in person or by proxy at the Scheme Meeting, at least 75% of such shares are voted to approve the Scheme.

(1) Excluding Temasek, which is not eligible to vote.

(2) Excluding Shares held by Temasek, which are not eligible for voting.

5 HOW DOES THE SCHEME PRICE COMPARE TO HISTORICAL PRICES?

A The Scheme Price allows you to realise your investment for cash.

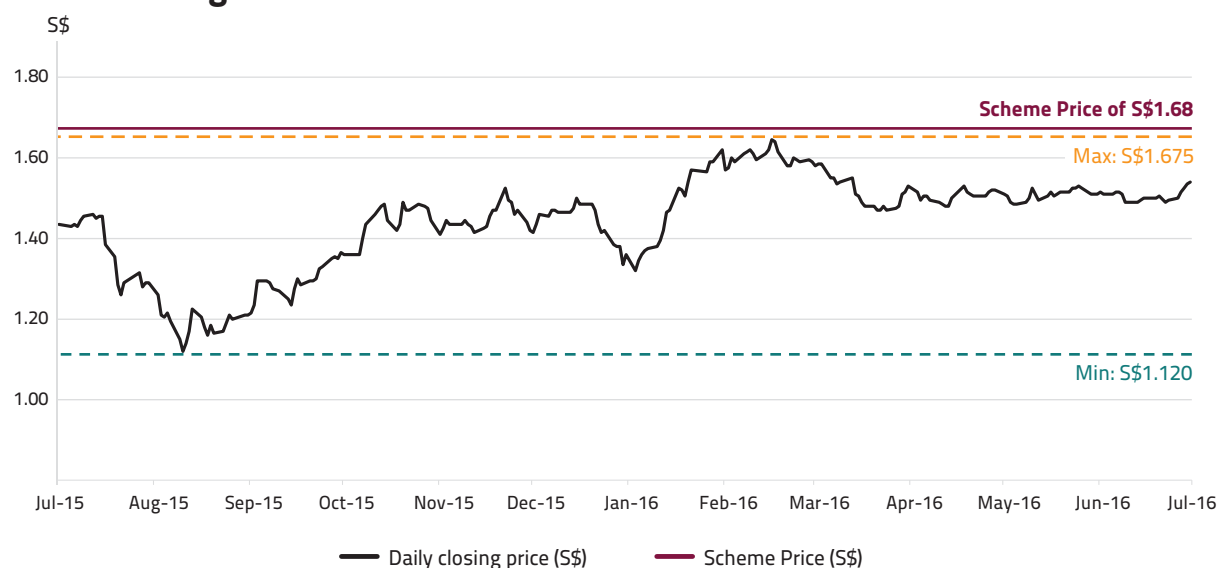
If you had invested in SMRT at IPO and the Scheme is successful⁽¹⁾, you will realise an 11% annualised return on your investment⁽²⁾.

SMRT Closing Price since IPO in July 2000⁽³⁾



B The Scheme Price is above SMRT's highest traded price in the 12-month period before the announcement of the Scheme.

SMRT Closing Price in the last 12 months⁽³⁾



(1) I.e. becomes Effective.

(2) As extracted from Bloomberg. Assumes that Shareholders re-invest all net cash dividends received over time into SMRT Shares.

(3) Up to the Last Trading Day prior to the announcement of the Scheme.

- C** SMRT's Price to Earnings Ratio ("**PER**") as at 15 July 2016⁽⁴⁾, based on its FY2016 earnings, is approximately 21.5x.

SMRT PER in the last 12 months⁽⁵⁾



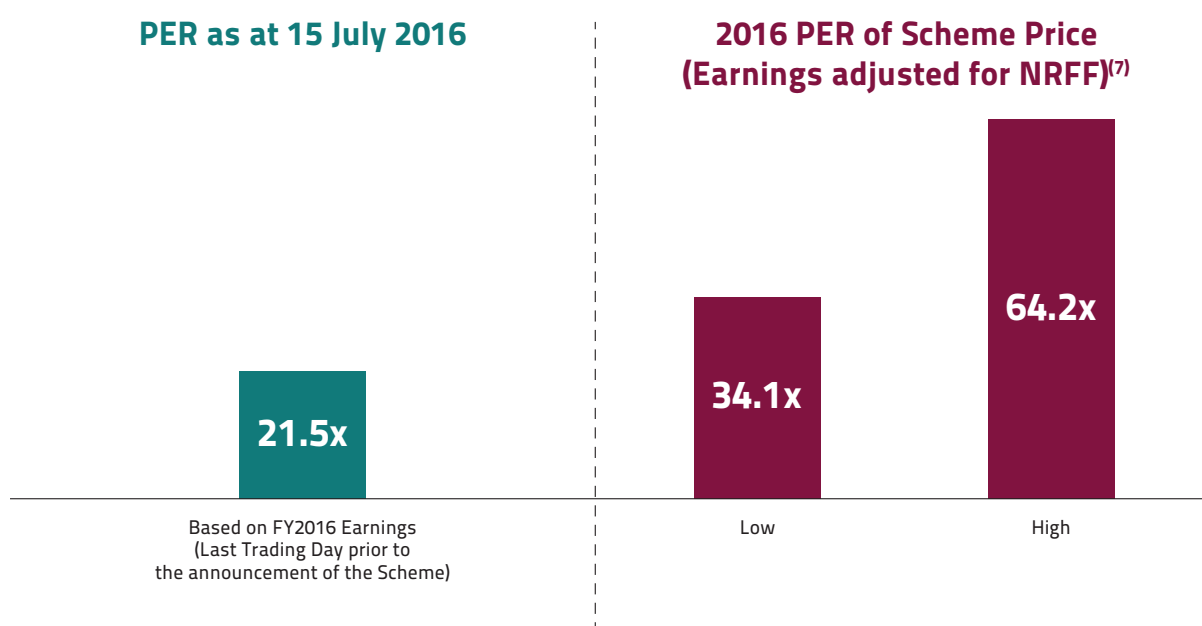
- D** The NRFF provides a profit sharing mechanism, where SMRT Trains' EBIT margin has a cap and collar set at 5% and 3.5% respectively⁽⁶⁾.

This is lower than the last five years' average SMRT Trains' EBIT margin of 16%.

There is no certainty that SMRT Trains will earn EBIT margins of 5%.

If SMRT's FY2016 earnings are adjusted for NRFF, the Scheme Price would represent a PER of 34.1x – 64.2x. This is above SMRT's 2016 PER of 21.5x as at 15 July 2016⁽⁴⁾.

2016 PER Comparison



⁽⁴⁾ Refers to the Last Trading Day prior to the announcement of the Scheme.

⁽⁵⁾ Up to the Last Trading Day prior to the announcement of the Scheme.

⁽⁶⁾ More details can be found in the Scheme Document.

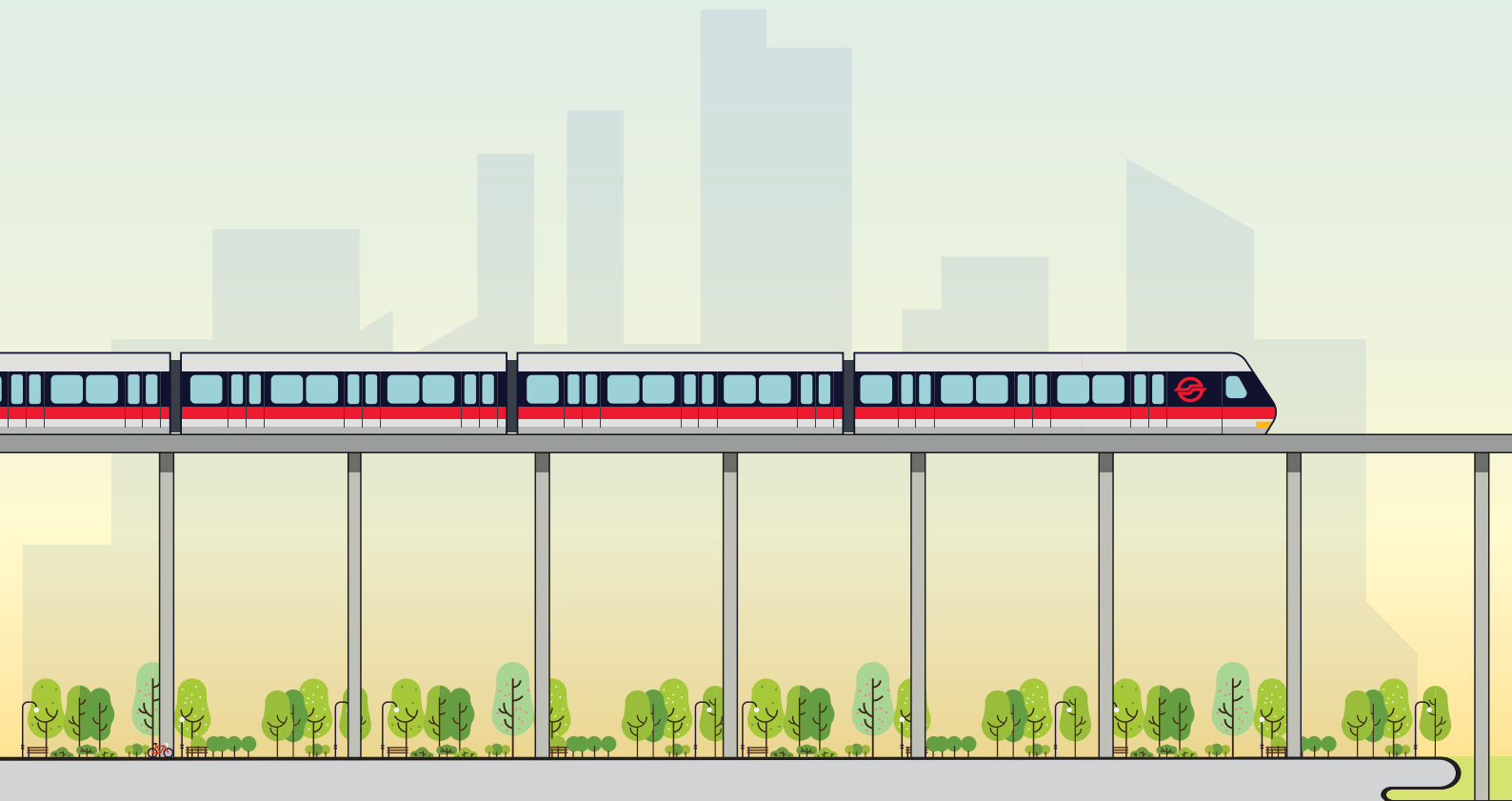
⁽⁷⁾ Based on SMRT's illustrative FY2016 PATMI of S\$39.9 million – S\$75.2 million, which is based on an illustrative EBIT margin range of 0.9% – 5.9% under the NRFF assumptions (as derived from SMRT's sensitivity analysis in the Appendix of the NRFF Announcement). Such figures are for illustration purposes only and do not nor are they intended to in any way constitute any form of profit guidance, forecast or estimate.

6 WHAT DOES THE IFA RECOMMEND?

An extract of the IFA Letter is set out below:

“Based upon and subject to the foregoing, we are of the opinion that, as at the Latest Practicable Date the terms of the Scheme from a financial point of view are **FAIR AND REASONABLE** so far as the Scheme Shareholders are concerned. Accordingly, we advise the Independent Directors to recommend that the Scheme Shareholders **VOTE IN FAVOUR** of the Scheme at the Scheme Meeting or sell their Scheme Shares in the open market if they are able to obtain a price higher than the Scheme Price (after netting off the related transaction expenses).”

IT IS IMPORTANT THAT YOU READ THIS EXTRACT TOGETHER WITH AND IN THE CONTEXT OF THE IFA LETTER IN FULL, WHICH CAN BE FOUND IN APPENDIX 1. YOU ARE ADVISED AGAINST RELYING SOLELY ON THIS EXTRACT WHICH IS MEANT ONLY TO DRAW YOUR ATTENTION TO THE CONCLUSION AND OPINION OF THE IFA.



7 WHAT DOES THE SMRT BOARD RECOMMEND?

An extract of the recommendation from the Independent Directors of SMRT is set out below:

“The Independent Directors, having considered carefully the terms of the Scheme and the advice given by the IFA in the IFA Letter, concur with the recommendation of the IFA in respect of the Scheme. Accordingly, the Independent Directors unanimously recommend that Scheme Shareholders **VOTE IN FAVOUR** of the Scheme at the Scheme Meeting.

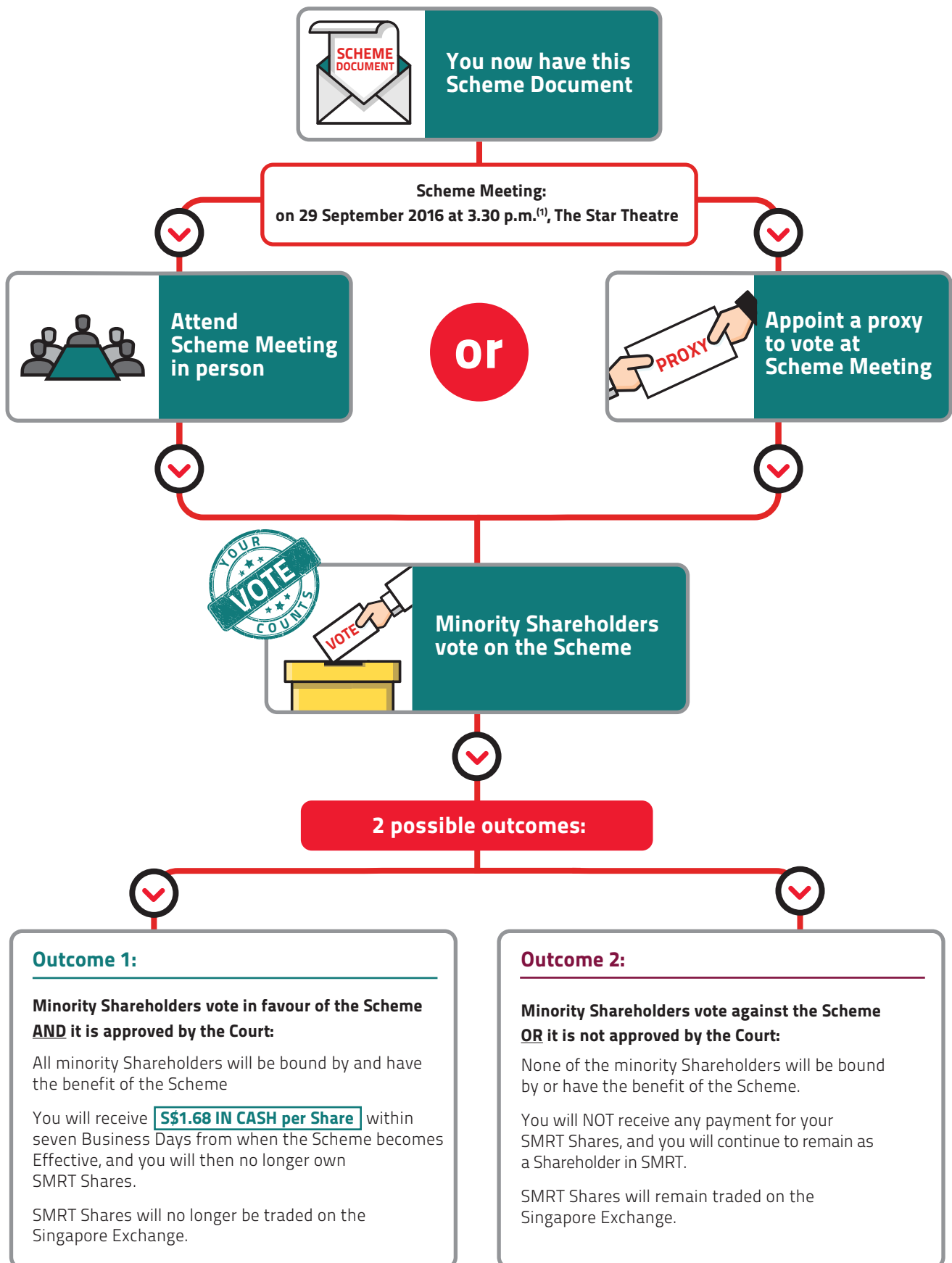
Scheme Shareholders should also be aware and note that there is no assurance that the trading volumes and market prices of the Scheme Shares will be maintained at the current levels prevailing as at the Latest Practicable Date if the Scheme does not become effective and binding for whatever reason. In the event the Scheme becomes effective, it will be binding on all Scheme Shareholders whether or not they were present in person or by proxy or voted at the Scheme Meeting. Scheme Shareholders should also be aware and note that there is currently no certainty that the Scheme will become effective and binding.”

IT IS IMPORTANT THAT YOU READ THIS EXTRACT TOGETHER WITH AND IN THE CONTEXT OF THE LETTER TO SHAREHOLDERS IN FULL, WHICH CAN BE FOUND BETWEEN PAGES 16 AND 30 OF THIS SCHEME DOCUMENT.

All Directors who are Shareholders intend to VOTE IN FAVOUR of the Scheme.



8 WHAT DO I NEED TO DO?



(1) Or as soon thereafter following the conclusion or adjournment of the NRFF EGM to be held at 2.30 p.m. on the same day and at the same venue, whichever is later.

9 HOW CAN I CHECK HOW MANY SHARES I OWN?

- A** You can check your shareholding balance with CDP by contacting them at:

The Central Depository

9 North Buona Vista Drive
#01-19/20 The Metropolis
Singapore 138588
Tel. +65 6535 7511
Fax. +65 6535 0775

Opening hours:

Monday to Friday: 8.30 a.m. to 5.00 p.m.

Saturday: 9.00 a.m. to 12.30 p.m.

Closed on Sundays & Public Holidays

- B** If you own Shares through a bank, broker or any other intermediaries, you can also check by contacting them directly.
- C** If you are a CPFIS Investor or SRS Investor, please consult your CPF Agent Bank or SRS Agent Bank (namely DBS, Oversea-Chinese Banking Corporation Limited and UOB) for further information.

10 WHAT IF I CANNOT ATTEND THE SCHEME MEETING?

If you are unable to attend in person, you may appoint someone you know, or the Chairman of the Scheme Meeting, to vote on your behalf.

STEP 1 : Locate the Proxy Form

The Proxy Form can be found at the back of this Scheme Document, or obtained from:

Boardroom Corporate & Advisory Services Pte. Ltd.

50 Raffles Place, Singapore Land Tower, #32-01
Singapore 048623

Opening hours:

Monday to Friday: 8.30 a.m. to 5.30 p.m.

STEP 2 : Complete the Proxy Form

PROXY FORM FOR SCHEME MEETING

a I/We _____ (Name) _____ (NRIC/Passport No.)
of _____ (Address)

b being a member/members of SMRT Corporation Ltd (the "Company") hereby appoint _____ (Name) _____ (NRIC/Passport No.)
of _____ (Address)

being a member/members of SMRT Corporation Ltd (the "Company") hereby appoint _____ (Name) _____ (NRIC/Passport No.)
of _____ (Address)

on falling "hereinafter, the Chairman of the Scheme Meeting of the Company, as "my/our proxy to attend and to vote for "me/us on my/our behalf at the Scheme Meeting, to be held at The Star Theatre, Level 5, The Star Performing Arts Centre, 1 Vista Exchange Green, Singapore 138517 on 29 September 2018 at 3.30 p.m. or as soon thereafter following the conclusion or adjournment of the SMRT EGM to be held at 2.30 p.m. on the same day and at the same venue, whichever is later, and at any adjournment thereof, for the purpose of considering and, if thought fit, approving the scheme of arrangement referred to in the notice convening the Scheme Meeting, and at each Scheme Meeting or at any adjournment thereof to vote for "me/us and on "my/our name(s) for the said Scheme as hereunder indicated.

"We direct "my/our proxy to vote for or against the Scheme as to voting is given, the proxy will vote or abstain from voting at "his/her discretion, as "he/she will on any other matter arising at the Scheme Meeting (or at any adjournment thereof). If no person is named in the above boxes, the Chairman of the Scheme Meeting shall be "my/our proxy to vote, for or against the Scheme at the Scheme Meeting, for "me/us and on "my/our behalf at the Scheme Meeting and at any adjournment thereof.

If you wish to vote "FOR" the Scheme referred to in the notice convening the Scheme Meeting, please indicate with a tick (✓) in the box marked "FOR" set out below. If you wish to vote "AGAINST" the Scheme referred to in the notice convening the Scheme Meeting, please indicate with a tick (✓) in the box marked "AGAINST" set out below. **DO NOT TICK IN BOTH BOXES.**

RESOLUTION	FOR	AGAINST
To approve the scheme of arrangement		

* Delete accordingly

Dated this _____ day of _____, 2016

Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES ON THE OPPOSITE PAGE

a Fill in your name and particulars.

*I/We Razil bin Ali (Name) SXXXXXXXT (NRIC/Passport No.)
of Bk XX Bishan Street XX #06-739 S123456 (Address)
being a "member/members of SMRT Corporation Ltd (the "Company") hereby appoint

b You may fill in the details of your appointed proxy or leave this section blank. The Chairman of the Scheme Meeting will be appointed as your proxy if this section is left blank.

Name	Address	NRIC/Passport No.
<u>John Tan Yong Qiang</u>	<u>Bk X Yishun Ave X #02-345 S123456</u>	<u>SXXXXXXYG</u>

c Indicate your vote.

RESOLUTION	FOR	AGAINST
To approve the scheme of arrangement	✓	

PROXY FORM FOR SCHEME MEETING

"We _____ (Name) _____ (NRIC/Passport No.)
of _____ (Address)
being a "member/member(s) of SMRT Corporation Ltd (the "Company") hereby appoint
Name _____ Address _____ NRIC/Passport No. _____
or failing "him/her, the Chairman of the Scheme Meeting of the Company, as "my/our proxy to
attend and to vote for "me/us on my/our behalf at the Scheme Meeting, to be held at The Star
Theatre, Level 5, The Star Performing Arts Centre, 1, Vasa Exchange Green, Singapore 138517
on 29 September 2016 at 3.30 p.m. or as soon thereafter following the conclusion or adjournment
of the AGM/AGM to be held at 3.30 p.m. on the same day and at the same venue, whichever is
later, and at any adjournment thereof for the purpose of considering and, if thought fit, approving
the scheme of arrangement referred to in the notice convening the Scheme Meeting, and at such
Scheme Meeting (or at any adjournment thereof) to vote for "me/us and in "my/our name(s) for the
said Scheme or against the said Scheme as hereunder indicated.

"We direct "my/our proxy to vote for or against the Scheme to be proposed at the Scheme
Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy will vote
or abstain from voting at "his/her discretion, as "he/she will on any other matter arising at the
Scheme Meeting (or at any adjournment thereof). If no person is named in the above boxes, the
Chairman of the Scheme Meeting shall be "my/our proxy to vote for or against the Scheme at the
Scheme Meeting, for "me/us and on "my/our behalf at the Scheme Meeting and at any
adjournment thereof.

If you wish to vote "FOR the Scheme referred to in the notice convening the Scheme Meeting,
please indicate with a tick (✓) in the box marked "FOR" set out below. If you wish to vote
"AGAINST the Scheme referred to in the notice convening the Scheme Meeting, please indicate
with a tick (✓) in the box marked "AGAINST" set out below. **DO NOT TICK IN BOTH BOXES.**

RESOLUTION	FOR	AGAINST
To approve the scheme of arrangement		

Dated accordingly:
Dated this _____ day of _____ 2016

Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES ON THE OPPOSITE PAGE

d Sign off on the space provided and insert the date.

Dated this XX day of XXXX 2016



Signature(s) of Member(s) or Common Seal

e Indicate the number of Scheme Shares you hold.

Total No. of Scheme Shares held

XX,XXX

STEP 3 : Return the completed Proxy Form

Return the completed Proxy Form in the enclosed pre-addressed envelope so that it arrives at **Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, Singapore Land Tower, #32-01, Singapore 048623 NOT LATER THAN 27 September 2016 at 3.30 p.m.** (or any later date(s) as SMRT may announce).



BUSINESS REPLY SERVICE
PERMIT NO. 07076



The Company Secretary
SMRT CORPORATION LTD
c/o Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

Postage Will Be Paid By Addressee. For Posting In Singapore Only

IMPORTANT DATES AND TIMES

Last date and time for Proxy Form to be received : 27 September 2016 at 3.30 p.m.

CPFIS Investors, SRS Investors and other investors owning Shares through a bank, broker or other intermediary should contact their respective CPF Agent Banks, SRS Agent Banks, banks, brokers or intermediaries **immediately** so as to provide voting instructions ahead of the last date and time for Proxy Form to be received.

Date and time of Scheme Meeting : 29 September 2016 at 3.30 p.m.
or as soon thereafter following the conclusion or adjournment of the NRFF EGM to be held at 2.30 p.m. on the same day and at the same venue, whichever is later.

Place of Scheme Meeting : The Star Theatre, Level 5
The Star Performing Arts Centre
1 Vista Exchange Green
Singapore 138617

Expected Effective Date⁽¹⁾ : 21 October 2016

Expected date for payment of the Scheme Price⁽¹⁾ : By 1 November 2016

Expected date that the Shares⁽²⁾ will be transferred to Belford⁽¹⁾ : 1 November 2016

WHO TO CONTACT IF YOU NEED HELP

If you require further assistance or information, please contact:

SMRT Corporation Ltd
Email: investors_r@smrt.com.sg

BofA Merrill Lynch
Tel: +65 6678 0081
(From Monday to Friday: 9.00 a.m. to 6.00 p.m.)

IMPORTANT NOTICE

The information in this section should be read with the full information contained in the rest of the Scheme Document. If there should be any inconsistency or conflict between this section and the Scheme Document, the Scheme Document shall prevail. Nothing in this section is intended to be, or shall be taken as, advice, a recommendation or a solicitation to the minority Shareholders or any other party.

Minority Shareholders are advised to be cautious when dealing in their Scheme Shares and not to take any action in relation to their Scheme Shares which may not prove to be in their best interests.

(1) Assuming that the Scheme becomes Effective.

(2) Other than Shares already held by Temasek.

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术语说明

“Belford” 或 “要约方”	: Belford 投资私人有限公司
“公司” 或 “SMRT”	: SMRT 企业有限公司
“有效”	: 根据协议条款有效并具约束力
“NRFF”	: 新地铁融资框架
“NRFF” 特别股东大会	: 公司就新地铁融资框架相关运营资产之拟议出售而召开的特别股东大会
“协议”	: 于 2016 年 9 月 6 日根据新加坡公司法第 50 章第 210 节的协议安排， 其条款在本协议文件第 245 至 252 页中列明
“协议股东”	: 不包括淡马锡的 SMRT 股东
“淡马锡”	: 淡马锡控股 (私人) 有限公司

1 淡马锡为何要将 SMRT 私有化？



淡马锡理解新地铁融资框架（“**NRFF**”）⁽¹⁾将带来显著的风险和挑战。这些风险通常都不在 SMRT 的掌控之内。

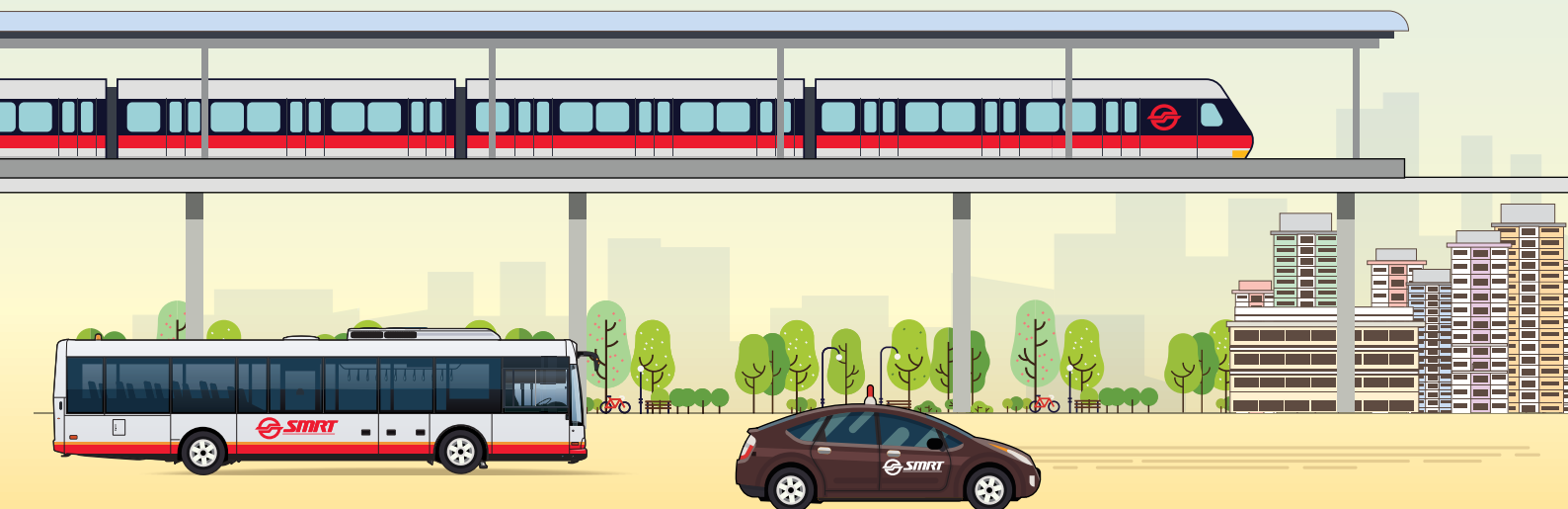
另一个更大的挑战是，在地铁系统显著扩展的同时，SMRT 的地铁系统日渐老旧，需要进行翻新提升。

淡马锡希望 SMRT 私有化之后能更具伸缩性，在转型的过程中集中精力履行核心职责，提供安全可靠的服务，同时确保运营达到卓越标准。



淡马锡为所有协议股东提供了获取每股S\$1.68现金及避免面对NRFF实施的过渡期间和日后存在的不确定性的机会。

这就是淡马锡全资子公司Belford拟议收购淡马锡尚不持有的SMRT股票的原因。



(1) 欲知更多有关NRFF的信息资讯，请浏览 <https://www.gov.sg/factually/content/6-things-you-need-to-know-about-the-new-rail-financing-framework>。

2 本协议安排的重点是什么？

协议安排是一项通过股东会议投票表决和法庭批准来收购一家公司 100% 股份的公认程序。

Belford 拟议通过协议安排，以每股 S\$1.68 的协议价格收购淡马锡尚不持有的 SMRT 股票。

协议价格将不会调高。

淡马锡目前持有 SMRT 大约 54%⁽¹⁾ 的股票，不能在协议会议中就 Belford 的拟议进行投票。

请投下关键的一票

**若您无法出席将于2016年9月29日下午3时30分⁽²⁾
在星宇剧院(星宇表演艺术中心)举行的协议会议，
请填写代理人委托表格，填写方法请参阅第 C11 与 C12 页。**

若协议获得协议股东和法庭的批准，SMRT 所有的协议股东将在协议生效的 7 个工作日内，按每股 S\$1.68 的收购价格获得现金。

3 根据我所持有的股票，我能得到什么？

若协议成功⁽³⁾，您将会按每股 S\$1.68 的收购价格获得现金，SMRT 股票也会在新加坡证券交易所停止交易。

若协议不成功，Belford 将不会收购任何股票，也不会根据协议支付任何款项，SMRT 股票将在新加坡证券交易所继续交易。

(1) 截至最后可行日期，淡马锡在 SMRT 持有已发行并缴足的普通股约占 54 %。

(2) 或在公司当天下午2时30分在相同地点召开的NRFF特别股东大会结束或休会以后，以较迟者为准。

(3) 即生效。

4 本协议要在协议会议中获得批准， 必须符合什么条件？

本协议要在协议会议中获得协议股东⁽¹⁾的批准，必须符合两个条件：

A

>50%

“出席人数”规定：

亲自或委托代理人出席协议会议
并进行投票的协议股东⁽¹⁾当中，
必须有超过50%的人数
投支持协议票。

及

B

≥75%

“股权”规定：

亲自或委托代理人出席协议会议
并进行投票的协议股东⁽¹⁾当中，
投票支持协议的协议股东⁽¹⁾所投的股权⁽²⁾
总额须达到至少75%。

(1) 不包括不符合投票资格的淡马锡。

(2) 不包括淡马锡所持的股权，因其股权不符合投票资格。

5 协议价格如何与 SMRT 以往的股价相比较？

A 协议价格让您能脱售投资套取现金。

如果您是在 SMRT 首次公开售股时进行投资，协议若成功⁽¹⁾，您的投资年化回报率⁽²⁾将达到11%。

SMRT 自从 2000 年 7 月首次公开售股以后的闭市价⁽³⁾



B 协议价格高于协议公布前 12 个月内的 SMRT 最高交易价。

SMRT 过去 12 个月的闭市价⁽³⁾



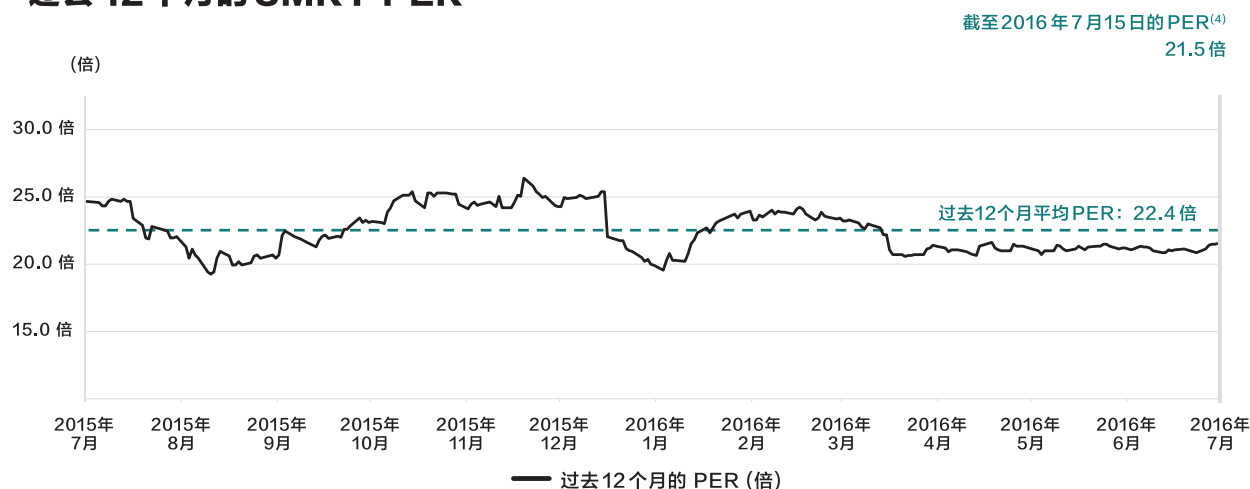
(1) 即生效。

(2) 摘录自彭博社的资料。假设股东把这段期间获得的所有净现金股息都重新投资到 SMRT 的股票上。

(3) 截至本协议公布前的最后一个交易日。

- C** 截至2016年7月15日⁽⁴⁾，按2016财年的盈利计算，SMRT的市盈率（“**PER**”）约为21.5倍。

过去12个月的SMRT PER⁽⁵⁾



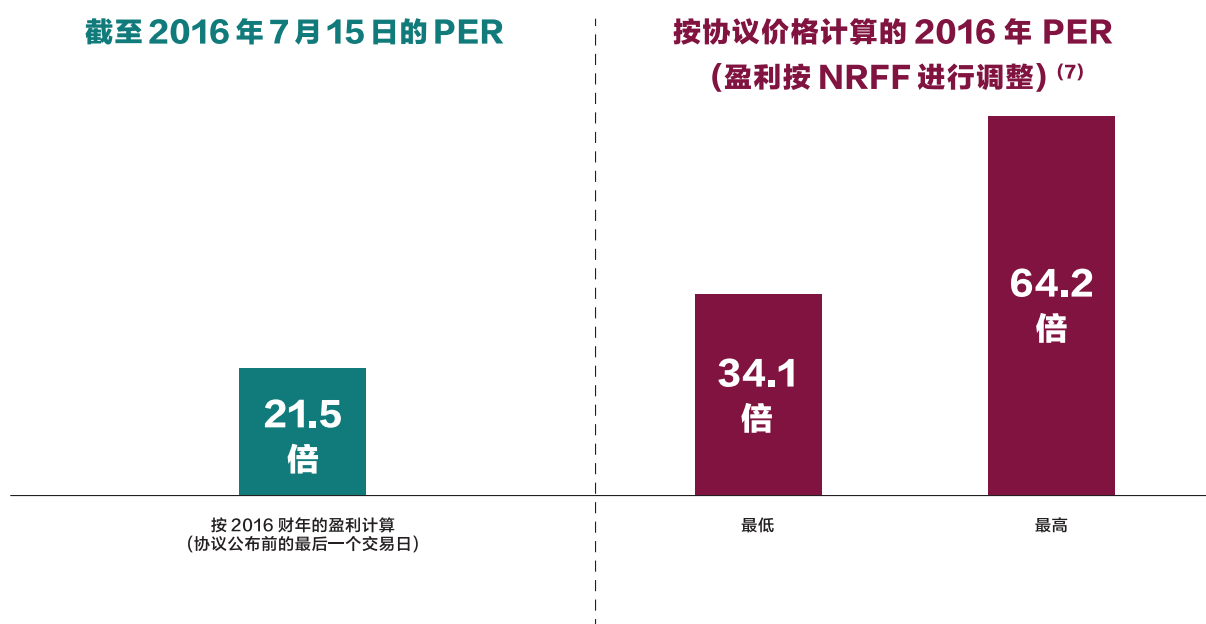
- D** NRFF 内设盈利共享的机制，将 SMRT 地铁的综合地铁业务的息税前利润率的上限和下限分别限定在 5% 和 3.5%⁽⁶⁾。

这低于 SMRT 地铁的综合地铁业务过去五年平均所取得的 16% 息税前利润率。

SMRT 地铁的综合地铁业务的息税前利润率不确定会达到 5%。

如果将NRFF考虑在内并对SMRT 2016财年的盈利进行调整，协议价格意味着PER将介于34.1至64.2倍。这高于截至2016年7月15日⁽⁴⁾的SMRT 2016年 PER，即21.5倍。

2016 年 PER 比较



(4) 指协议公布前的最后一个交易日。

(5) 截至协议公布前的最后一个交易日。

(6) 更多详情请参阅协议文件。

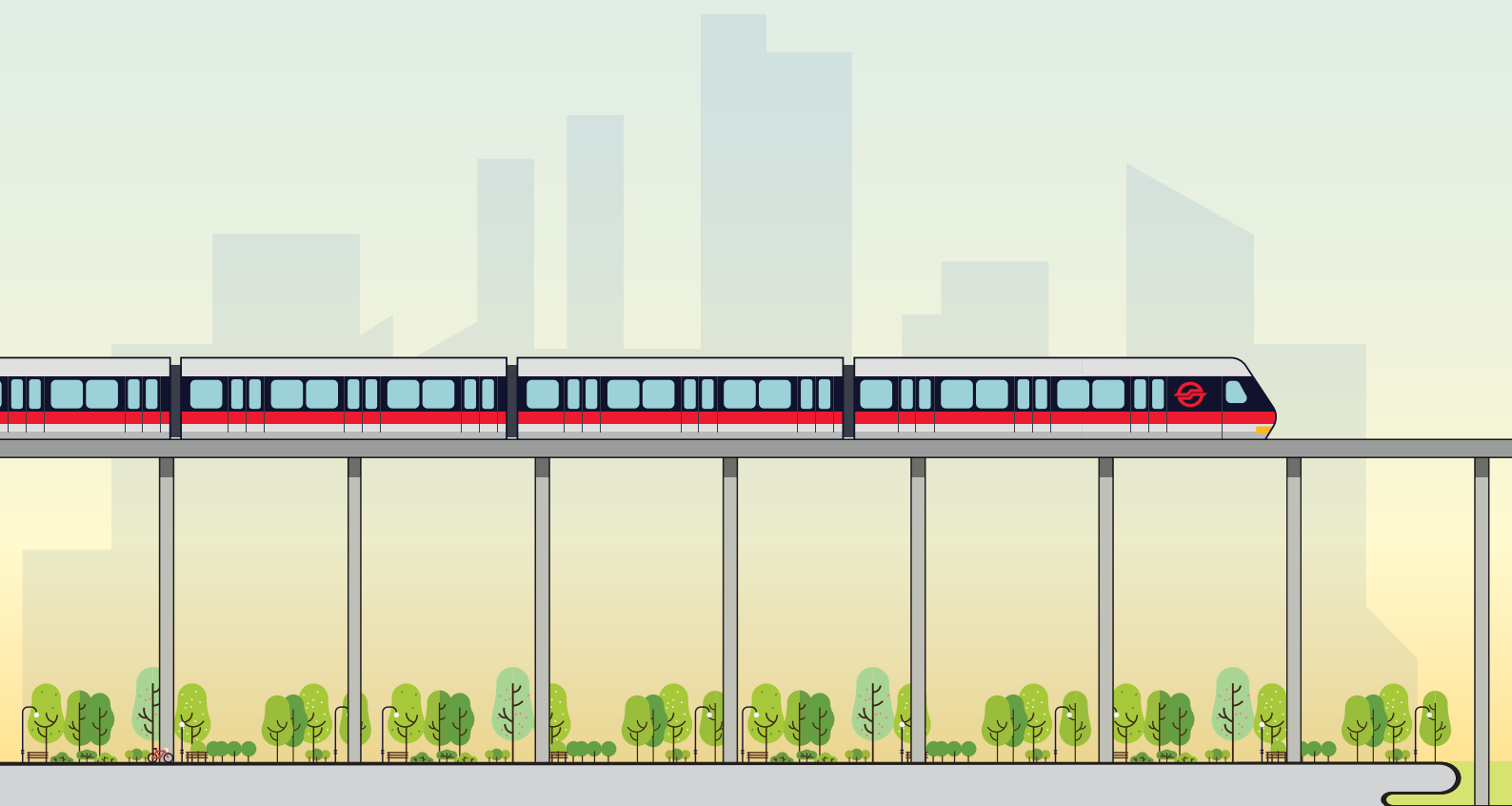
(7) 根据SMRT 2016财年说明扣除税务与协议股东利益后的说明盈利（PATMI）介于S\$3,990万至S\$7,520万。这是根据NRFF的假设条件计算的0.9%至5.9%说明息税前利润范围（源自NRFF的公告附录中的SMRT业务敏感性分析）统计出的。这些数字仅作为说明用途，不是也不旨在充作任何盈利指引、预测或估计。

6 独立财务顾问的建议是什么？

独立财务顾问信函的节选内容翻译如下：

“根据前述及在前述的规限下，我们认为，截至最后可行日期，从财务角度来说，协议对协议股东而言是**公平与合理的**。因此，我们建议独立董事推荐协议股东在协议会议上**投票支持协议**，或在公开市场争取以高于协议价格的股价把股票卖出（在扣除相关的交易开支之后）。”

您在阅读这段节选内容的同时，请务必参阅附录1中独立财务顾问的完整信函。我们不建议您只参考以上节选内容，因为节选内容仅旨在向您反映独立财务顾问的结论和意见。



7 SMRT 董事会的建议是什么？

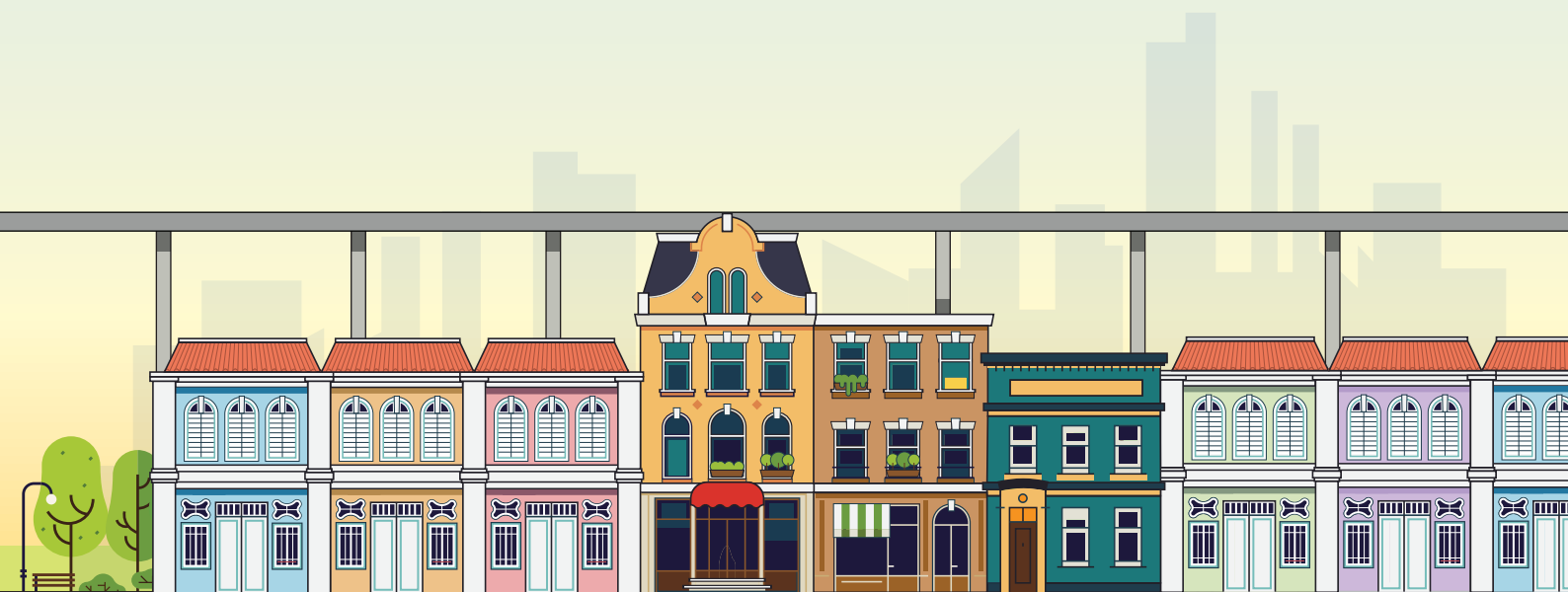
SMRT 独立董事的建议节选翻译如下：

“独立董事在仔细考虑了协议条款及独立财务顾问在独立财务顾问信函中所提出的建议，认同独立财务顾问对于协议的**建议**。因此，独立董事一致建议协议股东在协议会议上**投票支持协议**。

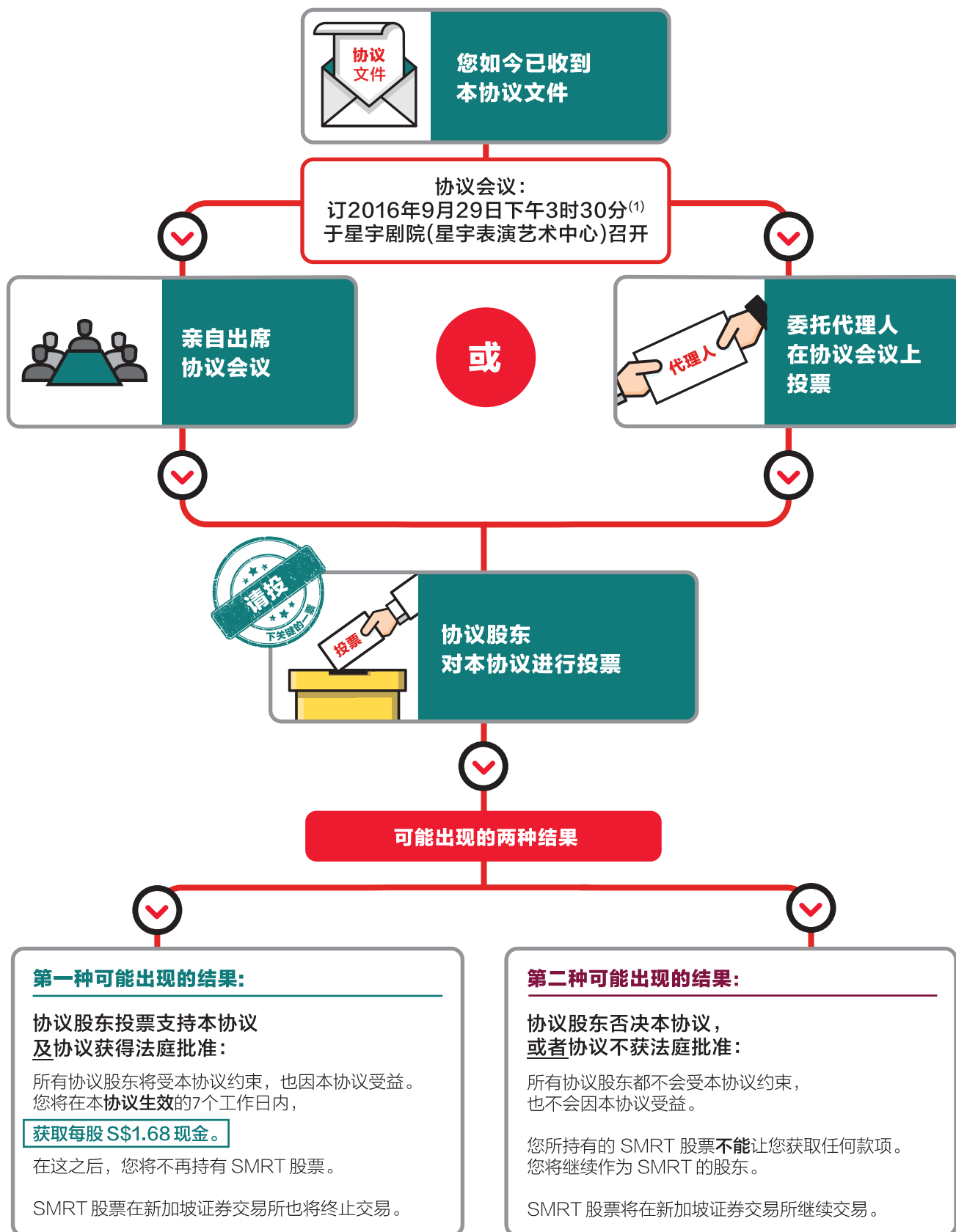
协议股东也应注意并意识到，如果本协议因为任何原因没有生效及具有约束力，协议股票的交易量和市场价格不保证会维持在现有水平（以最后可行日期的股价为准）。如果本协议生效，所有协议股东都将受其约束，无论他们是否亲自或委托代理人出席协议会议，或是否有在协议会议上投票。协议股东也应该注意并意识到目前协议并不确定会生效并具有约束力。”

您在阅读这段节选内容的同时，请务必参阅本协议文件第16至30页致股东的完整信函。

所有是股东的董事有意投票支持协议。



8 我需要采取什么行动？



(1) 或在公司当天下午2时30分在相同地点召开的NRFF特别股东大会结束或休会以后，从较迟者为准。

9 如何查证我持有多少股票？

- A** 您可以按以下地址联系新加坡中央托收公司（CDP），查询您所持有的股票数额。

The Central Depository（新加坡中央托收公司）

9 North Buona Vista Drive

#01-19/20 The Metropolis

Singapore 138588

电话. +65 6535 7511

传真. +65 6535 0775

办公时间：

周一至周五：上午 8 时 30 分至下午 5 时 00 分

周六：上午 9 时 00 分至中午 12 时 30 分

星期天和公定假日休息

- B** 如果您通过银行、股票经纪或其他中介机构持有股票，您也可以直接联系他们查询。
- C** 如果您是公积金投资计划（CPFIS）投资人或者退休辅助计划（SRS）投资人，请咨询您的公积金代理银行或者 SRS 代理银行（也就是星展银行（DBS）、华侨银行（Oversea-Chinese Banking Corporation Limited）和大华银行（UOB））。

10 若不能亲自出席协议会议，我该怎么办？

如果您不能亲自出席协议会议，可以委托您所认识的人或协议会议主席代为投票。

第一步：找出代理人委托表格

代理人委托表格附在本协议文件的后部。您也可以在下机构索取有关表格：

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place, Singapore Land Tower, #32-01
Singapore 048623

办公时间：
周一至周五：上午8时30分至下午5时30分

第二步：填写代理人委托表格

PROXY FORM FOR SCHEME MEETING

a I/We _____ (Name) _____ (NRIC/Passport No.) _____ (Address) _____

b as a member/members of SMRT Corporation Ltd (the "Company") hereby appoint _____ (Name) _____ (Address) _____ (NRIC/Passport No.) _____

or failing "him/her, the Chairman of the Scheme Meeting of the Company, as "my/our proxy to attend and to vote for "me/us on my/our behalf at the Scheme Meeting, to be held at The Star Theatre, Level 5, The Star Performing Arts Centre, 1 Vista Exchange Green, Singapore 138617 on 29 September 2016 at 3.30 p.m. or as soon thereafter following the conclusion or adjournment of the REIFF EGM to be held at 2.20 p.m. on the same day and at the same venue, whichever is later, and at any adjournment thereof, for the purpose of considering and, if thought fit, approving the scheme of arrangement referred to in the notice convening the Scheme Meeting, and at such Scheme Meeting or at any adjournment thereof to vote for "me/us and in "my/our name for the said Scheme or against the said Scheme as hereunder indicated.

"We direct "my/our proxy to vote for or against the Scheme to be proposed at the Scheme Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy will vote or abstain from voting at "his/her discretion, as "he/she may on any other matter arising at the Scheme Meeting (or at any adjournment thereof). If no person is named in the above boxes, the Chairman of the Scheme Meeting shall be "my/our proxy to vote, for or against the Scheme at the Scheme Meeting, for "me/us and on "my/our behalf at the Scheme Meeting and at any adjournment thereof.

If you wish to vote "FOR the Scheme referred to in the notice convening the Scheme Meeting, please indicate with a tick (✓) in the box marked "FOR" set out below. If you wish to vote "AGAINST the Scheme referred to in the notice convening the Scheme Meeting, please indicate with a tick (✓) in the box marked "AGAINST" set out below. DO NOT TICK IN BOTH BOXES.

RESOLUTION	FOR	AGAINST
To approve the scheme of arrangement		

* Delete accordingly.

Dated this _____ day of _____ 2016

Signature(s) of Member(s) or Common Seal

Total No. of Scheme Shares held: _____

IMPORTANT: PLEASE READ NOTES ON THE OPPOSITE PAGE

a 填写姓名和个人资料。

I/We Razil bin Ali (Name) SXXXXXXXT (NRIC/Passport No.)
of Blk XX Bishan Street XX #06-729 S123456 (Address)
being a "member/members of SMRT Corporation Ltd (the "Company") hereby appoint

b 您可以填上指定代理人的资料或留空此项。如果此项留空，协议会议的主席将受委为您的代理人。

Name	Address	NRIC/Passport No.
<u>John Tan Yong Qiang</u>	<u>Blk X Yishun Ave X #02-345 S123456</u>	<u>SXXXXXXYG</u>

c 注明您的投票意向。

RESOLUTION	FOR	AGAINST
To approve the scheme of arrangement	☒	

PROXY FORM FOR SCHEME MEETING

I/We _____ (Name) _____ (NRIC/Passport No.)
of _____ (Address)
being a member/member(s) of SMRT Corporation Ltd (the "Company") hereby appoint

Name	Address	NRIC/Passport No.

or failing "him/her, the Chairman of the Scheme Meeting of the Company, as "my/our proxy to attend and to vote for "me/us on my/our behalf at the Scheme Meeting, to be held at The Star Theatre, Level 5, The Star Performing Arts Centre, 1 Vista Exchange Green, Singapore 138617 on 20 September 2016 at 3.30 p.m. or as soon thereafter (bearing the condition or adjournment of the NPFF EGM to be held at 2.30 p.m. on the same day and at the same venue, whichever is later, and of any adjournment thereof) for the purpose of considering and, if thought fit, approving the scheme of arrangement referred to in the notice convening the Scheme Meeting, and at such Scheme Meeting (or at any adjournment thereof) to vote for "me/us and in "my/our name(s) for the said Scheme or against the said Scheme as hereunder indicated.

"We direct "my/our proxy to vote for or against the Scheme to be proposed at the Scheme Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy will vote or abstain from voting at "his/her discretion, as "he/she will on any other matter arising at the Scheme Meeting (or at any adjournment thereof). If no person is named in the above boxes, the Chairman of the Scheme Meeting shall be "my/our proxy to vote, for or against the Scheme at the Scheme Meeting, for "me/us and on "my/our behalf at the Scheme Meeting and at any adjournment thereof.

If you wish to vote "FOR the Scheme referred to in the notice convening the Scheme Meeting, please indicate with a tick (✓) in the box marked "FOR" set out below. If you wish to vote "AGAINST" the Scheme referred to in the notice convening the Scheme Meeting, please indicate with a tick (✓) in the box marked "AGAINST" set out below. **DO NOT TICK IN BOTH BOXES.**

RESOLUTION	FOR	AGAINST
To approve the scheme of arrangement		

(Draw accordingly)

Dated this _____ day of _____, 2016

Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES ON THE OPPOSITE PAGE

d 在指定处签字并注明日期。

Dated this XX day of XXXX 2016



Signature(s) of Member(s) or Common Seal

e 注明您所持有的协议股票数量。

Total No. of Scheme Shares held

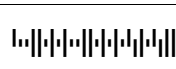
XX,XXX

第三步：递交填妥的代理人委托表格

用已注明收信地址的信封将填妥的代理人委托表格寄回，有关表格最迟必须在2016年9月27日下午3时30分（或SMRT可能宣布的任何较迟日期）寄达 Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, Singapore Land Tower, #32-01, Singapore 048623。



BUSINESS REPLY SERVICE
PERMIT NO. 07076



The Company Secretary
SMRT CORPORATION LTD
 c/o Boardroom Corporate & Advisory Services Pte. Ltd.
 50 Raffles Place #32-01
 Singapore Land Tower
 Singapore 048623

Postage Will
 Be Paid
 By Addressee.
 For Posting
 In Singapore
 Only

重要日期及时间

接收代理人委托表格的截止日期及时间：2016年9月27日下午3时30分

公积金投资计划（CPFIS）投资人、退休辅助计划（SRS）投资人或其他通过银行、股票经纪或其他中介持有股票的投资人应立即联系他们各自的公积金代理银行、SRS 代理银行、银行、股票经纪或中介机构，以便在代理人委托表格送达的截止日期和时间之前，注明投票意向。

协议会议的日期及时间：2016年9月29日下午3时30分
或在公司当天下午2时30分在
相同地点召开的NRFF特别股东大会
结束或休会以后，以较迟者为准。

协议会议的地点：星宇剧院，第五楼
星宇表演艺术中心
1 Vista Exchange Green
Singapore 138617

预期生效日期⁽¹⁾：2016年10月21日

协议价格⁽¹⁾的预期付款日期：2016年11月1日或之前

股票⁽²⁾转让予Belford⁽¹⁾的预期日期：2016年11月1日

若需要帮助，您可联络的人

若需帮助或更多信息，请联系：

SMRT Corporation Ltd (SMRT企业有限公司)
电邮：investors_r@smrt.com.sg

BofA Merrill Lynch (美银美林)
电话：+65 6678 0081
(周一至周五：上午9时00分至下午6时00分)

重要事项

在阅读本节内容时，请务必同时参阅协议文件完整版的其余信息。
若本节内容与完整版的协议文件中的内容有任何不一致或冲突之处，应以完整版的协议文件为准。本节内容无意，也不得视为，向协议股东或任何其他方所作的投资建议、推荐或游说。

协议股东应谨慎处理协议股票，不应采取任何可能不符合自身利益的行动。

(1) 假定本协议生效。
(2) 淡马锡尚不持有的股票。

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DEFINITIONS

For the purpose of this Scheme Document, the following definitions apply throughout unless the context otherwise requires or otherwise stated:

"1Q FY2017"	:	The three-month financial period of the Group ended 30 June 2016
"3Q FY2016"	:	The nine-month financial period of the Group ended 31 December 2015
"Acquisition"	:	Has the meaning ascribed to it in paragraph 1.1 of the Letter to Shareholders
"ACRA"	:	The Accounting and Corporate Regulatory Authority of Singapore
"Articles of Association"	:	The articles of association of the Company constituting part of the Constitution
"Audited FY2016 Financial Statements"	:	The audited consolidated financial statements of the Group for FY2016
"Awards"	:	Outstanding awards granted to eligible employees to receive new Shares under the Share Plans 2004 and the Share Plans 2014
"Bloomberg"	:	Has the meaning ascribed to it in paragraph 5.2 of the Offeror's Letter
"BofA Merrill Lynch"	:	Merrill Lynch (Singapore) Pte. Ltd.
"Books Closure Date"	:	A date to be announced (which announcement shall be before the Effective Date) by the Company on which the Transfer Books and the Register of Members will be closed in order to determine the entitlements of the Scheme Shareholders in respect of the Scheme
"Bus Statement of Prospects"	:	Has the meaning ascribed to it in paragraph 4.5(b) of Appendix 3
"Business Day"	:	A day (excluding Saturdays, Sundays and gazetted public holidays) on which commercial banks are open for business in Singapore
"CCL"	:	Circle Line Mass Rapid Transit System
"CDP"	:	The Central Depository (Pte) Limited
"Code"	:	The Singapore Code on Take-overs and Mergers

DEFINITIONS

“Companies Act”	:	The Companies Act, Chapter 50 of Singapore
“Company”	:	SMRT Corporation Ltd
“Company Securities”	:	Collectively, any (a) Shares; (b) securities which carry voting rights in the Company; or (c) convertible securities, warrants, options and derivatives in respect of Shares or securities which carry voting rights in the Company
“Constitution”	:	The Memorandum and Articles of Association
“Court”	:	The High Court of Singapore, or where applicable on appeal, the Court of Appeal of Singapore
“Court Order”	:	The order of the Court sanctioning the Scheme under Section 210 of the Companies Act
“CPF”	:	The Central Provident Fund
“CPF Agent Banks”	:	Agent banks included under the CPFIS
“CPFIS”	:	CPF Investment Scheme
“CPFIS Investors”	:	Investors who purchased Shares using their CPF savings under the CPFIS
“CRFF”	:	Current rail financing framework
“CRFF Statement of Prospects”	:	Has the meaning ascribed to it in paragraph 4.5(a) of Appendix 3
“derivatives”	:	Any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security or securities which causes the holder to have a long economic exposure to the underlying securities
“Directors”	:	The directors of the Company as at the Latest Practicable Date
“Distributions”	:	Has the meaning ascribed to it in paragraph 3.1(a) of the Letter to Shareholders
“Dymon”	:	Has the meaning ascribed to it in paragraph 9.1(a) of the Offeror’s Letter
“EBIT”	:	Earnings (before interest and tax)

DEFINITIONS

“Effective Date”	:	The date on which the Scheme becomes effective and binding in accordance with its terms, and which date shall, in any event, be no later than the Long-Stop Date
“Encumbrances”	:	Any liens, equities, mortgages, charges, encumbrances, security interests, hypothecations, easements, pledges, title retentions, trust arrangements, hire purchases, judgments, preferential rights, rights of pre-emption and other rights or interests conferring security or similar rights in favour of a third party
“Entitled Scheme Shareholders”	:	Scheme Shareholders as at 5.00 p.m. on the Books Closure Date
“Explanatory Statement”	:	The explanatory statement in compliance with Section 211 of the Companies Act as set out on pages 31 to 47 of this Scheme Document
“FY”	:	The financial year of the Company from 1 April to 31 March. A reference to “FY” followed immediately by a reference to a calendar year shall mean the financial year of the Company starting on 1 April of the immediately preceding calendar year and ending on 31 March of the relevant calendar year. By way of illustration, “FY2016” shall mean the financial year of the Company from 1 April 2015 to 31 March 2016
“FY2016 Final Dividend”	:	Final (tax exempt one-tier) dividend of 2.50 cents per Share for FY2016 as approved by the Company at its annual general meeting held on 5 July 2016 and which was paid by the Company to all entitled Shareholders on 4 August 2016
“Gatefold”	:	Has the meaning ascribed to it in paragraph 16 of the Offeror’s Letter
“Governmental Agency”	:	Any foreign or Singaporean supranational, national, federal, state, provincial, municipal, local or foreign government, governmental or quasi-governmental authority, regulatory or administrative agency, governmental commission, department, board, bureau, agency or instrumentality, court, arbitral body or other tribunal
“Group”	:	The Company and its subsidiaries, and “Group Company” means any one of them
“IFA”	:	Rothschild (Singapore) Limited, the independent financial adviser to the Independent Directors
“IFA Letter”	:	Has the meaning ascribed to it in paragraph 9.1 of the Letter to Shareholders

DEFINITIONS

“Implementation Agreement”	:	The implementation agreement dated 20 July 2016 entered into between the Company and the Offeror setting out the terms and conditions on which the Offeror and the Company will implement the Scheme
“Independent Directors”	:	The Directors who are considered independent for the purposes of making a recommendation to Scheme Shareholders in respect of the Scheme, namely all the Directors
“Joint Announcement”	:	The joint announcement by the Company and the Offeror dated 20 July 2016 in relation to, <i>inter alia</i> , the Acquisition and the Scheme
“Joint Announcement Date”	:	20 July 2016, being the date of the Joint Announcement
“Last Trading Day”	:	Has the meaning ascribed to it in paragraph 5.2(a) of the Offeror’s Letter
“Latest Practicable Date”	:	24 August 2016, being the latest practicable date prior to the printing of this Scheme Document
“Letter to Shareholders”	:	The letter to the Shareholders as set out on pages 16 to 30 of this Scheme Document
“Listing Manual”	:	The listing manual of the SGX-ST, as amended, modified or supplemented from time to time
“Long-Stop Date”	:	31 December 2016 (or such other date as the Company and the Offeror may agree in writing)
“LTA”	:	Land Transport Authority of Singapore
“LTM”	:	Has the meaning ascribed to it in paragraph 5.2(a) of the Offeror’s Letter
“Market Day”	:	A day on which the SGX-ST is open for the trading of securities
“Memorandum”	:	The memorandum of the Company constituting part of the Constitution
“MPS”	:	Has the meaning ascribed to it in paragraph 2.1(a)(v) of the Letter to Shareholders
“Noteholders”	:	The holders of the Notes

DEFINITIONS

“Notes”	:	The following notes issued by SMRT Capital Pte. Ltd.:
		(a) the S\$350 million five-year unsecured fixed rate notes expiring in 2017;
		(b) the S\$200 million three-year unsecured fixed rate notes expiring in 2017;
		(c) the S\$100 million 10-year unsecured fixed rate notes expiring in 2022; and
		(d) the S\$100 million 10-year unsecured fixed rate notes expiring in 2024
“Notice”	:	The notice of the Scheme Meeting as set out in Appendix 15 to this Scheme Document
“NRFF”	:	New rail financing framework as announced by the Company on 15 July 2016
“NRFF Announcement”	:	Has the meaning ascribed to it in paragraph 2.1 of the Letter to Shareholders and where the context so requires, shall include the Company’s Media Release as well as its Briefing to Analysts and Media which were released by the Company together with such announcement
“NRFF EGM”	:	The extraordinary general meeting of the Company in connection with the Proposed NRFF Transaction
“Offeror”	:	Belford Investments Pte. Ltd.
“Offeror Concert Party Group”	:	The Offeror and persons acting or presumed to be acting in concert with the Offeror
“Offeror Securities”	:	Offeror Shares and convertible securities, warrants, options and derivatives in respect of any such Offeror Shares
“Offeror Shares”	:	Ordinary shares in the capital of the Offeror
“Offeror’s Financial Adviser”	:	Credit Suisse (Singapore) Limited
“Offeror’s Letter”	:	The letter from the Offeror to Shareholders as set out in Appendix 2 to this Scheme Document
“OOI”	:	Has the meaning ascribed to it in paragraph 5.1 of the Offeror’s Letter

DEFINITIONS

“options”	:	Options to subscribe for or purchase new shares or existing shares in the capital of the Company or the Offeror (as the case may be)
“Overseas Shareholder”	:	Has the meaning ascribed to it in paragraph 13.1 of the Explanatory Statement
“PATMI”	:	Has the meaning ascribed to it in paragraph 5.1 of the Offeror’s Letter
“PER”	:	Has the meaning ascribed to it in paragraph 5.1 of the Offeror’s Letter
“Prescribed Occurrence”	:	Has the meaning ascribed to it in Appendix 11 to this Scheme Document
“Proposed NRFF Transaction”	:	Has the meaning ascribed to it in paragraph 2.1 of the Letter to Shareholders
“Proxy Form” or “form of proxy”	:	The accompanying proxy form for the Scheme Meeting as set out in this Scheme Document
“PTC”	:	Public Transport Council
“PwC”	:	PricewaterhouseCoopers LLP, auditors to the Company
“RC”	:	Remuneration committee of the Company
“Record Date”	:	The date falling on the Business Day immediately preceding the Effective Date
“Register of Directors”	:	The register of directors of the Company
“Register of Members”	:	The register of members of the Company
“Scheme”	:	The scheme of arrangement under Section 210 of the Companies Act dated 6 September 2016 as set out in Appendix 14 to this Scheme Document
“Scheme Conditions”	:	The conditions precedent in the Implementation Agreement which must be satisfied (or, where applicable, waived) by the Long-Stop Date for the Scheme to be implemented and which are reproduced in Appendix 10 to this Scheme Document
“Scheme Document”	:	This document dated 6 September 2016 issued by the Company to Shareholders which contains, <i>inter alia</i> , details of the Scheme

DEFINITIONS

“Scheme Meeting”	:	The meeting of Scheme Shareholders to be convened pursuant to the order of the Court to approve the Scheme, Notice of which is set out in Appendix 15 to this Scheme Document, and any adjournment thereof
“Scheme Price”	:	The cash amount of S\$1.68 for each Scheme Share to be paid by the Offeror to each Entitled Scheme Shareholder in accordance with the terms of the Scheme
“Scheme Shareholders”	:	Shareholders other than Temasek
“Scheme Shares”	:	Shares other than those already held by Temasek
“Securities Account”	:	The relevant securities account maintained by a depositor with CDP but does not include a securities sub-account
“Securities and Futures Act”	:	The Securities and Futures Act, Chapter 289 of Singapore
“SGXNET”	:	The website of the SGX-ST
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Plans 2004”	:	The SMRT RSP 2004 and the SMRT PSP 2004
“Share Plans 2014”	:	The SMRT RSP 2014 and the SMRT PSP 2014
“Share Registrar”	:	Boardroom Corporate & Advisory Services Pte. Ltd., the share registrar of the Company
“Shareholders”	:	Persons who are registered as holders of Shares in the Register of Members and depositors who have Shares entered against their names in the Depository Register
“Shares”	:	Issued and paid-up ordinary shares in the capital of the Company
“SIC”	:	Securities Industry Council of Singapore
“Singapore”	:	Republic of Singapore
“SMRT Light Rail”	:	SMRT Light Rail Pte. Ltd.
“SMRT PSP 2004”	:	The SMRT Corporation Performance Share Plan which was approved at the Company’s extraordinary general meeting held on 15 July 2004, and which has expired on 14 July 2014

DEFINITIONS

“SMRT PSP 2014”	:	The SMRT Corporation Performance Share Plan which was approved at the Company’s annual general meeting held on 16 July 2014, subject to a maximum period of 10 years commencing on 16 July 2014
“SMRT RSP 2004”	:	The SMRT Corporation Restricted Share Plan which was approved at the Company’s extraordinary general meeting on 15 July 2004, and which has expired on 14 July 2014
“SMRT RSP 2014”	:	The SMRT Corporation Restricted Share Plan which was approved at the Company’s annual general meeting held on 16 July 2014, subject to a maximum period of 10 years commencing on 16 July 2014
“SMRT Trains”	:	SMRT Trains Ltd
“SMRT Trains Entities”	:	SMRT Trains and SMRT Light Rail
“SRS”	:	Supplementary Retirement Scheme
“SRS Agent Banks”	:	Agent banks included under the SRS
“SRS Investors”	:	Investors who have purchased Shares using their SRS contributions pursuant to the SRS
“Statements of Prospects”	:	The Bus Statement of Prospects and the CRFF Statement of Prospects
“Substantial Shareholders”	:	As defined in Section 2 of the Securities and Futures Act
“S\$” and “cents”	:	Singapore dollars and cents respectively, being the lawful currency of Singapore
“Temasek”	:	Temasek Holdings (Private) Limited
“Transfer Books”	:	The transfer books of the Company
“VWAP”	:	Volume weighted average price
“warrants”	:	Rights to subscribe for or purchase new shares or existing shares in the Company or the Offeror (as the case may be)
“%” or “per cent.”	:	Per centum or percentage

The terms **“acting in concert”** and the term **“concert parties”** shall have the meanings as ascribed to them respectively in the Code.

DEFINITIONS

The terms “**depositor**” and “**Depository Register**” shall have the same meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act.

The terms “**subsidiary**” and “**related corporation**” shall have the meanings ascribed to them respectively in Sections 5 and 6 of the Companies Act.

The headings in this Scheme Document are for ease of reference only and shall be ignored in construing this Scheme Document.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing any one gender shall, where applicable, include the other genders. References to persons shall, where applicable, include firms, corporations and other entities.

Any reference in this Scheme Document to any enactment or statute is a reference to that enactment or statute for the time being amended, modified, supplemented or re-enacted. Any term defined under the Companies Act, the Securities and Futures Act, the Code, the Listing Manual or any modification thereof and used but not otherwise defined in this Scheme Document shall, where applicable, have the meaning assigned to it under the Companies Act, the Securities and Futures Act, the Code, the Listing Manual or any modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day and date in this Scheme Document is made by reference to Singapore time and date respectively, unless otherwise stated.

Any discrepancies in the figures included in this Scheme Document between the listed amounts and the totals thereof and/or the respective percentages are due to rounding. Accordingly, figures shown as totals in this Scheme Document may not be an arithmetic aggregation of the figures that precede them.

In this Scheme Document, the total number of Shares (including treasury shares) as at the Latest Practicable Date is 1,526,516,090. As at the Latest Practicable Date, the Company does not have any treasury shares. Unless stated otherwise, all references to percentage shareholding of the issued share capital of the Company in this Scheme Document are based on 1,526,516,090 Shares in the issued share capital of the Company as at the Latest Practicable Date.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Scheme Document are or may be forward-looking statements. Forward-looking statements include, but are not limited to, those using words such as “aim”, “anticipate”, “believe”, “estimate”, “expect”, “forecast”, “intend”, “plan”, “project”, “seek”, “strategy” and similar expressions or future conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Offeror’s and/or the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently-available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results or outcomes may differ materially from those expressed or implied in such forward-looking statements. Given the risks and uncertainties that may cause actual results or outcomes to differ materially from those expressed or implied in such forward-looking statements, Shareholders and investors should not place undue reliance on such forward-looking statements, and neither the Offeror nor the Company guarantees any future performance or event or undertakes any obligation to update publicly or revise any forward-looking statements.

EXPECTED TIMETABLE

Last date and time for lodgement of Proxy Form for Scheme Meeting	:	27 September 2016, 3.30 p.m. ⁽¹⁾⁽²⁾
Date and time of Scheme Meeting	:	29 September 2016, 3.30 p.m., or as soon thereafter following the conclusion or adjournment of the NRFF EGM to be held at 2.30 p.m. on the same day and at the same venue, whichever is later
Place of Scheme Meeting	:	The Star Theatre, Level 5 The Star Performing Arts Centre 1 Vista Exchange Green Singapore 138617
Expected date of Court hearing of the application to sanction the Scheme	:	14 October 2016
Expected last day of trading of the Shares	:	17 October 2016
Expected date of suspension of the Shares	:	18 October 2016
Expected Books Closure Date	:	20 October 2016, 5.00 p.m.
Expected Record Date	:	20 October 2016 ⁽³⁾
Expected Effective Date	:	21 October 2016 ⁽⁴⁾
Expected date for the payment of the Scheme Price	:	By 1 November 2016 ⁽³⁾
Expected date that the Scheme Shares will be transferred to the Offeror	:	1 November 2016 ⁽³⁾⁽⁵⁾
Expected date for the delisting of the Shares	:	After payment of the Scheme Price

You should note that save for the last date and time for the lodgement of the Proxy Form and the date, time and place of the Scheme Meeting, the above timetable is indicative only and may be subject to change. For the events listed above which are described as “expected”, please refer to future announcement(s) by the Company and/or the SGX-ST for the exact dates of these events.

Notes:

- (1) Scheme Shareholders are requested to lodge the Proxy Forms for the Scheme Meeting in accordance with the instructions contained therein not less than 48 hours before the time appointed for the Scheme Meeting.
- (2) All Proxy Forms for the Scheme Meeting must be lodged with the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623. Completion and lodgement of a Proxy Form will not prevent a Scheme Shareholder from attending and voting in person at the Scheme Meeting if they subsequently wish to do so. In such event, the relevant Proxy Forms will be deemed to be revoked.
- (3) Assuming that the Effective Date is on 21 October 2016.
- (4) The Scheme will only become effective and binding if all the Scheme Conditions have been satisfied (or, where applicable, waived) in accordance with the Implementation Agreement and upon lodgement of the Court Order with ACRA. The Court Order will be lodged with ACRA after the satisfaction (or, where applicable, waiver) of all the Scheme Conditions, a list of which is set out in Appendix 10 to this Scheme Document.
- (5) Assuming that the Scheme Price is paid on 1 November 2016.

CORPORATE INFORMATION

DIRECTORS	:	Mr Koh Yong Guan Mr Desmond Kuek Bak Chye Mr Patrick Ang Peng Koon Mr Lee Seow Hiang Mdm Moliah Binte Hashim Mr Bob Tan Beng Hai Mr Peter Tan Boon Heng Mr Tan Ek Kia Mr Yap Chee Meng Mr Yap Kim Wah
COMPANY SECRETARY	:	Ms Tay Gek Poh Jacquelin
REGISTERED OFFICE	:	251 North Bridge Road Singapore 179102
SHARE REGISTRAR	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place Singapore Land Tower #32-01 Singapore 048623
LEGAL ADVISER TO THE SCHEME	:	WongPartnership LLP 12 Marina Boulevard Level 28 Marina Bay Financial Centre Tower 3 Singapore 018982
FINANCIAL ADVISER TO THE SCHEME	:	Merrill Lynch (Singapore) Pte. Ltd. 50 Collyer Quay #14-01 OUE Bayfront Singapore 049321
INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS	:	Rothschild (Singapore) Limited One Raffles Quay, North Tower 1 Raffles Quay #10-02 Singapore 048583
AUDITORS	:	PricewaterhouseCoopers LLP 8 Cross Street PWC Building #17-00 Singapore 048424

HIGHLIGHTS OF THE SCHEME

The information in this section is a summary of the terms of the Scheme and is qualified by, and should be read in conjunction with, the full information contained in the rest of this Scheme Document.

Company	:	SMRT Corporation Ltd, a company incorporated in Singapore.
Offeror	:	Belford Investments Pte. Ltd., a company incorporated in Singapore and a wholly-owned subsidiary of Temasek.
Scheme	:	The Acquisition will be effected by way of a scheme of arrangement under Section 210 of the Companies Act and in accordance with the Code and the terms and conditions of the Implementation Agreement.
Scheme Terms	:	Upon the Scheme becoming effective and binding in accordance with its terms, all the Scheme Shares held by the Entitled Scheme Shareholders will be transferred to the Offeror fully paid, free from all Encumbrances and together with all rights, benefits and entitlements as at the Joint Announcement Date and thereafter attaching thereto, including the right to receive and retain all Distributions (if any) declared, made or paid by the Company on or after the Joint Announcement Date but excluding the right to receive and retain the FY2016 Final Dividend. The Offeror will not be reducing the Scheme Price by the amount of the FY2016 Final Dividend.
Scheme Price	:	S\$1.68 in cash for each Scheme Share.
Scheme Shares	:	Shares other than those already held by Temasek. The Scheme will also be extended to all Scheme Shares unconditionally issued on or prior to the Books Closure Date pursuant to the valid vesting of any Awards. For the purpose of the Scheme, the expression “ <u>Scheme Shares</u> ” shall include existing Scheme Shares and such new Scheme Shares.
Scheme Shareholders	:	Shareholders other than Temasek.
Scheme Conditions	:	The Scheme is conditional upon the satisfaction or waiver (as the case may be) on or before the Long-Stop Date of the Scheme Conditions as described in paragraph 6.1 of the Explanatory Statement. Full details of the Scheme Conditions are reproduced in Appendix 10 to this Scheme Document.

HIGHLIGHTS OF THE SCHEME

- Scheme Meeting** : The Scheme must be approved by a majority in number of Scheme Shareholders present and voting, either in person or by proxy, at the Scheme Meeting, such majority representing not less than three-fourths in value of the Scheme Shares voted at the Scheme Meeting. Voting at the Scheme Meeting will be by way of poll.
- The Offeror Concert Party Group will abstain from voting on the Scheme. As the Shares held by Temasek are not Scheme Shares, Temasek will in any case not be eligible to vote on the Scheme.
- When the Scheme becomes effective and binding in accordance with its terms, it will be binding on all Scheme Shareholders, whether or not they were present in person or by proxy or voted at the Scheme Meeting.
- Delisting** : Upon the Scheme becoming effective and binding in accordance with its terms, the Company will become a wholly-owned subsidiary of Temasek, and subject to the approval of the SGX-ST, the Company will be delisted from the Official List of the SGX-ST.
- Rationale of the Acquisition** : The Offeror and Temasek believe that the privatisation of the Company will:
- (a) provide the Company with greater flexibility to focus on its primary role of delivering safe and high quality rail service, without the short term pressures of being a listed company, in the midst of its transition to a new regulatory framework under the NRFF;
 - (b) better enable the Offeror and Temasek to closely support the Company as it retools and reinforces its core skillsets in operations, engineering and maintenance;
 - (c) allow minority Shareholders to monetise their holdings through the Scheme and avoid the uncertainties of regulatory transition to the NRFF; and
 - (d) remove all costs and distractions associated with the Company's listing requirements, including quarterly reporting requirements.

HIGHLIGHTS OF THE SCHEME

Financial evaluation of the Scheme Price¹ : The Scheme Price represents premia of 10.8%, 10.7% and 15.5% to the one-month VWAP, three-month VWAP and 12-month VWAP, respectively, of the Shares up to the Last Trading Day.

The implied PER range of 34.1x to 64.2x, based on the Scheme Price, translates to a premium over the following relevant historical PERs of the Company:

- (a) 58.7% to 198.6% premia over the LTM PER of the Company as at the Last Trading Day of approximately 21.5x; and
- (b) 52.3% to 186.6% premia over the average LTM PER of the Company over the past one (1) year prior to the Last Trading Day of approximately 22.4x.

IFA's advice to the Independent Directors in relation to the Scheme : Subject to the qualifications, bases and further advice set out in the IFA Letter, the IFA has advised the Independent Directors to recommend that Shareholders should **VOTE IN FAVOUR OF** the Scheme at the Scheme Meeting.

The summary above should be read in conjunction with, and in the context of, the full text of the advice of the IFA to the Independent Directors on the Scheme as set out in Appendix 1 to this Scheme Document.

Independent Directors' recommendation to Shareholders : Subject to the qualifications and bases set out in paragraph 10 of the Letter to Shareholders, the Independent Directors considered carefully the terms of the Scheme and the advice given by the IFA in the IFA Letter. Accordingly, the Independent Directors unanimously recommend that Scheme Shareholders **VOTE IN FAVOUR OF** the Scheme at the Scheme Meeting.

The summary above should be read in conjunction with, and in the context of, the Independent Directors' recommendation as set out in paragraph 10 of the Letter to Shareholders and paragraph 17 of the Explanatory Statement.

¹ Based on data extracted from Bloomberg as at the Last Trading Day. Rounded to the nearest decimal place.

LETTER TO SHAREHOLDERS

SMRT CORPORATION LTD

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200001855H)

Directors:

Mr Koh Yong Guan (Chairman)
Mr Desmond Kuek Bak Chye (President and Group Chief Executive Officer)
Mr Patrick Ang Peng Koon (Independent Director)
Mr Lee Seow Hiang (Independent Director)
Mdm Moliah Binte Hashim (Independent Director)
Mr Bob Tan Beng Hai (Independent Director)
Mr Peter Tan Boon Heng (Independent Director)
Mr Tan Ek Kia (Independent Director)
Mr Yap Chee Meng (Independent Director)
Mr Yap Kim Wah (Independent Director)

Registered Office:

251 North Bridge Road
Singapore 179102

6 September 2016

To: The Shareholders of SMRT Corporation Ltd

Dear Sir/Madam

PROPOSED ACQUISITION BY BELFORD INVESTMENTS PTE. LTD. OF ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF SMRT CORPORATION LTD BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 210 OF THE COMPANIES ACT, CHAPTER 50 OF SINGAPORE

1. INTRODUCTION

1.1 Joint Announcement

On 20 July 2016, the Company and the Offeror jointly announced the proposed acquisition of all the Scheme Shares by the Offeror (the "**Acquisition**") to be effected by way of the Scheme at a Scheme Price of S\$1.68 in cash for each Scheme Share under Section 210 of the Companies Act and in accordance with the Code and the terms and conditions of the Implementation Agreement.

On 21 July 2016, the Company and the Offeror jointly announced that the Offeror does not intend to increase the Scheme Price.

Copies of the above-mentioned announcements are available on SGXNET at www.sgx.com.

1.2 Purpose

The purpose of this Scheme Document is to set out information pertaining to the Scheme, to seek your approval of the Scheme and to give you notice of the Scheme Meeting.

LETTER TO SHAREHOLDERS

1.3 Explanatory Statement

An Explanatory Statement setting out the key terms of, the rationale for, and the effect of, the Scheme and the procedures for its implementation is set out on pages 31 to 47 of this Scheme Document. The Explanatory Statement should be read in conjunction with the full text of this Scheme Document, including the Scheme as set out in Appendix 14 to this Scheme Document.

1.4 Information on the Company

The Company was incorporated in Singapore on 6 March 2000 and was listed on the Mainboard of the SGX-ST on 26 July 2000.

The Company is an investment holding company, and the Group provides multi-modal land transport services in Singapore and internationally. Its core businesses are in rail operations, maintenance and engineering as well as in bus, taxi and automotive services. Complementing these are its integrated businesses in retail, media and marketing, as well as properties and retail management.

As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S\$174,757,765.828 comprising 1,526,516,090 Shares. The Company has no treasury shares.

1.5 Information on the Offeror

As stated in the Offeror's Letter as set out in Appendix 2 to this Scheme Document, the Offeror is an investment holding company incorporated in Singapore on 9 June 2016. The Offeror is a wholly-owned subsidiary of Temasek. As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of S\$2.00 comprising two (2) ordinary shares. The Offeror has not carried on any business since its incorporation, except to enter into certain arrangements in connection with the Acquisition and the Scheme.

Further details on the Offeror can be found in the Offeror's Letter as set out in Appendix 2 to this Scheme Document.

2. **RATIONALE FOR THE ACQUISITION AND FUTURE PLANS FOR THE COMPANY**

2.1 Background: NRFF

On 15 July 2016, the Company announced (the "**NRFF Announcement**") the proposed sale (the "**Proposed NRFF Transaction**") of its operating assets in connection with the contemplated transition by the Company from the CRFF to the NRFF. A copy of the NRFF Announcement, together with the Company's Media Release as well as its Briefing to Analysts and Media which were released by the Company together with the NRFF Announcement can be found on SGXNET. For further details on the Proposed NRFF Transaction, please also refer to the circular to the Shareholders dated 1 August 2016.

LETTER TO SHAREHOLDERS

- (a) Based on the NRFF Announcement:
- (i) under the CRFF, the Company is expected to fund all additions, renewals and replacements relating to operating assets, and bears all revenue and cost risks. The Company has estimated that aggregate capital expenditure obligations could reach up to S\$2.8 billion over the next five (5) years;
 - (ii) the NRFF is a more sustainable model, as it:
 - (A) **relieves the Company of its heavy capital expenditure obligations** by transferring the responsibility for the addition, replacement and upgrading of operating assets for an expanded network to the LTA; and
 - (B) **reduces the business risk of the Company** by offering some future protection in terms of fare revenue and risk mitigation;
 - (iii) under the NRFF, the licence charge is structured to enable SMRT Trains to share with the LTA the risks and rewards associated with uncertainties in relation to revenue from fare collection and fluctuations in operating costs. For example, the NRFF licence charge structure provides a profit sharing mechanism based on an EBIT cap and collar set at 5% and 3.5% respectively;
 - (iv) however, **there is no certainty that SMRT Trains will earn a composite (fare and non-fare) EBIT margin of about 5%**. The eventual profitability of SMRT Trains will be dependent on several factors, many of which are outside the control of SMRT Trains and/or which SMRT Trains is unable to project or predict with any certainty. The Company has set out in its statement on the NRFF Announcement a sensitivity analysis of the impact of fluctuations in fare revenue and operating expenses to the FY2016 EBIT margin of SMRT Trains under the NRFF licence for illustrative purposes. Extracts from the NRFF Announcement (including the Appendix to the NRFF Announcement) relating to the EBIT margin sensitivity analysis are set out in the Joint Announcement and Schedule 1 of the Offeror's Letter;
 - (v) in addition, under the NRFF, the LTA will introduce new Maintenance Performance Standards ("**MPS**") to improve maintenance performance and reliability of the rail system. As a result, SMRT Trains will continue to employ or allocate at least 700 additional maintenance headcount (or equivalent to approximately 20% increase), over the next three (3) years. Over the last three (3) years, SMRT Trains had already increased its technical workforce by 30%; and
 - (vi) total consideration payable to the Group under the Proposed NRFF Transaction is approximately S\$991 million. The Group will be required to pay the Inland Revenue Authority of Singapore approximately S\$159 million as a tax payable on the difference between the sales proceeds and the residual capital allowances relating to the operating assets. For prudence, the Company also intends to use a substantial amount of the remaining net proceeds to retire part of its existing debt (the debt is expected to be approximately S\$762 million as of 30 September 2016).

LETTER TO SHAREHOLDERS

- (b) Temasek and the Company accept the NRFF as part of a regulatory transition. However, there remain several significant business risks for the Company even under the NRFF:
- (i) there remains uncertainty over fare increases and ridership, two of the main drivers of the revenue in SMRT Trains. Historically, actual fares have not increased in accordance with the cumulative maximum fare allowable based on the prescribed fare adjustment formula. Fares will continue to be set by the PTC. Fare levels and revenue will continue to be dependent on a myriad of factors that are primarily beyond the control of SMRT Trains and/or which SMRT Trains is unable to project or predict with accuracy. These include, among others, what the PTC will decide in relation to future fare adjustments, as well as ridership of new lines in the network; and
 - (ii) the profit cap and collar mechanism is asymmetrical as the LTA will share the excess margin via a tiered structure, up to a maximum of 95% of the incremental composite (fare and non-fare) EBIT margin exceeding 5% while the LTA's sharing of downside risks is limited to the quantum of the licence charge payable by SMRT Trains for the financial year. In addition, even though SMRT Trains has been relieved of its capital expenditure burden under the NRFF, a relatively high license charge is payable by SMRT Trains, which has been structured by the LTA to allow SMRT Trains to achieve a composite (fare and non-fare) EBIT margin of about 5%. This is lower than SMRT Trains' last five (5) fiscal years' average EBIT margin of 16%.
- (c) The Company is expected to face challenges in the regulatory environment with costs and uncertainties associated with an ageing network, which needs to be upgraded, alongside significant network expansion plans. The Company will also need to focus on delivering on existing and new multi-year programmes including the need to deliver a higher order of rail reliability and service in line with the heightened MPS to be determined by the LTA. The Company will need to:
- (i) reinforce its core engineering capabilities, by increasing maintenance headcount as set out in paragraph 2.1(a)(v) above and deepening the skillset of its engineering personnel;
 - (ii) enhance commuter experience through further development and training of service staff to boost service quality;
 - (iii) implement additional condition monitoring tools to enhance rail reliability; and
 - (iv) continue to develop a best-in-class asset management system to recommend timely renewal of assets.

LETTER TO SHAREHOLDERS

2.2 The Offeror's Rationale

As stated in the Offeror's Letter as set out in Appendix 2 to this Scheme Document, the rationale for the Acquisition is as follows:

“4.4 Rationale for privatisation. Accordingly, the Offeror and Temasek believe that the privatisation of the Company will:

- (a) *provide the Company with greater flexibility to focus on its primary role of delivering safe and high quality rail service, without the short term pressures of being a listed company, in the midst of its transition to a new regulatory framework under the NRFF;*
- (b) *better enable the Offeror and Temasek to closely support the Company as it retools and reinforces its core skillsets in operations, engineering and maintenance;*
- (c) *allow minority Shareholders to monetise their holdings through the Scheme and avoid the uncertainties of regulatory transition to the NRFF; and*
- (d) *remove all costs and distractions associated with the Company's listing requirements, including quarterly reporting requirements.*

4.5 Opportunity for Scheme Shareholders. The Scheme will offer Scheme Shareholders the opportunity to realise their investment in the Company for a cash consideration upon the Scheme becoming effective and binding in accordance with its terms.”

2.3 The Offeror's Future Plans

As stated in the Offeror's Letter as set out in Appendix 2 to this Scheme Document:

“4.6 Future plans of the Offeror for the Company. The Offeror and Temasek will support the Company to focus on its core role of delivering safe, high quality and reliable rail service in Singapore, and ensuring high standards of operational excellence. The Offeror and Temasek have no current intention to (a) introduce any major changes to the existing business of the Company; (b) re-deploy the fixed assets of the Company apart from any redeployment arising from or which is necessary as a result of the NRFF or the Government Contracting Model for the public bus industry announced by the LTA in 2014; or (c) discontinue the employment of existing employees of the Company or the Group other than in the ordinary course of business. The Offeror and Temasek retain the flexibility at any time to consider any options and opportunities which may present themselves and which it may regard to be in the interests of the Company and/or the Group.”

LETTER TO SHAREHOLDERS

3. THE ACQUISITION AND THE SCHEME

3.1 Terms of the Scheme

The Acquisition will be effected by way of a scheme of arrangement pursuant to Section 210 of the Companies Act and in accordance with the Code and the terms and conditions of the Implementation Agreement.

Under the Scheme:

- (a) upon the Scheme becoming effective and binding in accordance with its terms, all the Scheme Shares held by the Entitled Scheme Shareholders will be transferred to the Offeror fully paid, free from all Encumbrances and together with all rights, benefits and entitlements as at the Joint Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (“**Distributions**”) (if any) declared, made or paid by the Company on or after the Joint Announcement Date but excluding the right to receive and retain the FY2016 Final Dividend. The Offeror will not be reducing the Scheme Price by the amount of the FY2016 Final Dividend;
- (b) in consideration for such transfer to the Offeror, each Entitled Scheme Shareholder will be entitled to receive the Scheme Price of S\$1.68 in cash for each Scheme Share held by such Entitled Scheme Shareholder; and
- (c) the Scheme will also be extended to all Scheme Shares unconditionally issued on or prior to the Books Closure Date pursuant to the valid vesting of any Awards.

3.2 Termination of the Implementation Agreement

In the event of termination of the Implementation Agreement by either the Company or the Offeror pursuant to the terms of the Implementation Agreement, the Implementation Agreement shall terminate (except for certain surviving provisions such as those relating to confidentiality, costs and expenses and governing law) and there shall be no other liability on the part of either the Company or the Offeror. Any termination of the Implementation Agreement shall be without prejudice to any rights which the Company or the Offeror may have against the other party for any breach by that other party prior to the termination of the Implementation Agreement.

LETTER TO SHAREHOLDERS

3.3 Analysis of the Scheme Price

As stated in the Offeror's Letter as set out in Appendix 2 to this Scheme Document:

“5.1 Implied price to earnings ratio. The Scheme Price of S\$1.68 for each Scheme Share implies a price to earnings ratio (“**PER**”) of 34.1x to 64.2x, based on the Company's illustrative FY2016 Profit After Tax and Minority Interests (“**PATMI**”). An **illustrative range** of SMRT Trains' composite (fare and non-fare) EBIT margins under NRFF as derived from the Company's sensitivity analysis in the Appendix to the NRFF Announcement is reproduced in Table C of Schedule 2 of this Offeror's Letter.

The range of implied PER (x) based on the Scheme Price is presented in Table 1 below.

Table 1: Illustrative range of implied FY2016 PER (x) based on the Scheme Price²

		Variation on Operating Expenses of SMRT Trains (Net of Other Operating Income (“OOI”) of SMRT Trains)				
		-10%	-5%	0%	+5%	+10%
Variation on Fare Revenue of SMRT Trains	+5%	34.1	34.7	35.4	36.1	38.4
	+2%	34.8	35.5	36.2	36.9	46.8
	0%	35.4	36.0	36.7	37.8	51.8
	-2%	35.9	36.6	37.3	43.8	58.0
	-5%	38.7	38.7	38.7	47.8	64.2
<u>Note</u> The above range of implied PER (x) is calculated by dividing the Implied Equity Value (Scheme Price multiplied by total Shares outstanding) over the illustrative resultant range of the Company's FY2016 PATMI under the NRFF assumptions, as presented in Table D of Schedule 2 of this Offeror's Letter.						

5.2 Premia over historical PER. The implied PER range of 34.1x to 64.2x, based on the Scheme Price, translates to a premium over the following relevant historical PERs of the Company:

- (a) 58.7% to 198.6% premia over the Last 12 Months' (“**LTM**”) PER of the Company as at 15 July 2016 (being the last day of trading prior to the Joint Announcement Date (the “**Last Trading Day**”)) of approximately 21.5x³; and
- (b) 52.3% to 186.6% premia over the average LTM PER of the Company⁴ over the past one year prior to the Last Trading Day of approximately 22.4x⁵.

² These are purely illustrative and do not nor are they intended to in any way constitute any form of profit guidance, forecast or estimate.

³ Based on the Company's FY2016 earnings. The figures set out in this paragraph 5.2 are based on data extracted from Bloomberg, L.P. (“**Bloomberg**”) as at the Last Trading Day.

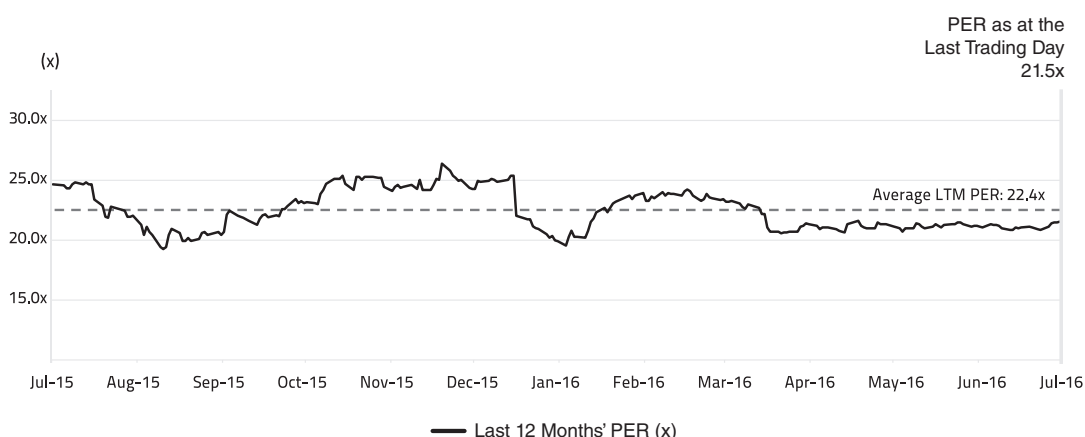
⁴ References in the Joint Announcement (as well as the joint media briefing and joint press release issued by the Offeror and the Company on the Joint Announcement Date) to the “average rolling LTM PER” of the Company should instead be references to the “average LTM PER” of the Company.

⁵ The figures set out in this paragraph 5.2 are based on data extracted from Bloomberg as at the Last Trading Day.

LETTER TO SHAREHOLDERS

The LTM PER of the Company over the 12-month period prior to the Last Trading Day is presented in Figure A below.

Figure A: LTM PER of the Company over the 12-month period prior to the Last Trading Day



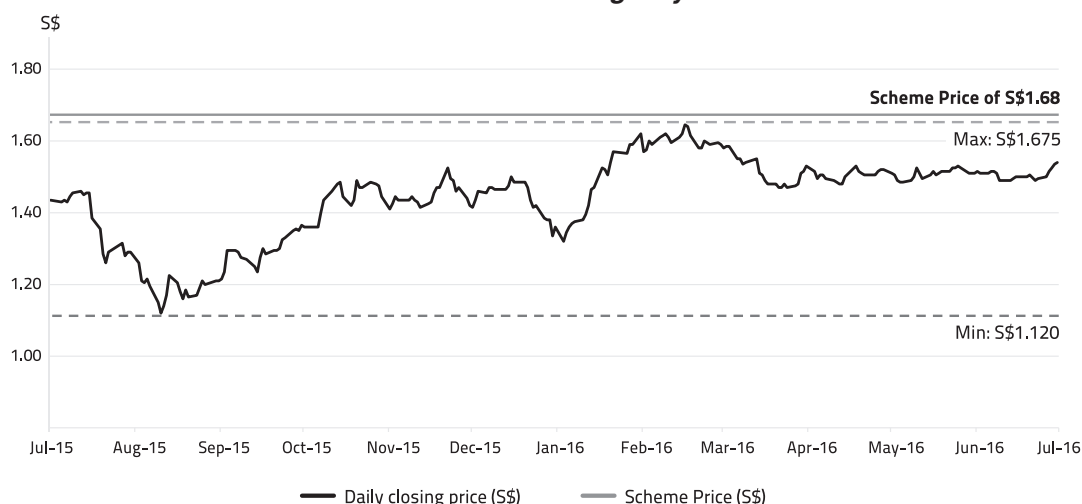
5.3 Premia over reference prices. The Scheme Price represents the following premia over the below reference prices of the Shares:

Description		Reference Price (S\$) ⁽¹⁾⁽²⁾	Premium/(Discount) to Reference Price (%) ⁽³⁾
(a)	Volume Weighted Average Price ("VWAP") for the 12-month period prior to the Last Trading Day	1.454	15.5
(b)	VWAP for the six-month period prior to the Last Trading Day	1.545	8.7
(c)	VWAP for the three-month period prior to the Last Trading Day	1.517	10.7
(d)	VWAP for the one-month period prior to the Last Trading Day	1.516	10.8
(e)	Last transacted price per Share on the Last Trading Day	1.545	8.7
(f)	52-week high	1.675	0.3
(g)	52-week low	1.120	50.0
Notes			
(1)	The figures set out in this paragraph 5.3 are based on data extracted from Bloomberg as at the Last Trading Day.		
(2)	Rounded to the nearest three decimal places.		
(3)	Rounded to the nearest decimal place.		

LETTER TO SHAREHOLDERS

5.4 Closing price over 12-month period. The Scheme Price is also above SMRT's highest traded Share price in the 12-month period prior to the Last Trading Day. The closing price of the Shares over the 12-month period prior to the Last Trading Day is presented in Figure B below.

Figure B⁶: Closing price per Share over the 12-month period prior to the Last Trading Day



5.5 Closing price since initial public offering. Assuming a Shareholder had invested in the Shares at the initial public offering of the Shares in July 2000, the Scheme Price further translates to a realisation of an 11% annualised return⁷ on his investment. The closing price of the Shares since the initial public offering is presented in Figure C below.

Figure C⁸: Closing price per Share since initial public offering of the Shares in July 2000⁸



⁶ The information set out in this Figure B is based on data extracted from Bloomberg as at the Last Trading Day.

⁷ Assuming that such Shareholder re-invests into the Shares all net cash dividends received from the Company over time.

⁸ The information set out in this Figure C is based on data extracted from Bloomberg as at the Last Trading Day.

LETTER TO SHAREHOLDERS

4. NO CASH OUTLAY

Scheme Shareholders should note that no cash outlay (including any stamp duties or brokerage expenses) will be required from Entitled Scheme Shareholders under the Scheme.

5. APPROVALS REQUIRED

5.1 Scheme Meeting and Court Sanction

The Scheme will require, *inter alia*, the following approvals:

- (a) approval-in-principle from the SGX-ST for the proposed delisting of the Company after the Scheme becomes effective and binding in accordance with its terms;
- (b) approval of the Scheme by a majority in number of Scheme Shareholders present and voting, either in person or by proxy, at the Scheme Meeting, such majority representing not less than three-fourths in value of the Scheme Shares voted at the Scheme Meeting; and
- (c) sanction of the Scheme by the Court.

In addition, the Scheme will only become effective and binding if all the Scheme Conditions have been satisfied (or, where applicable, waived) in accordance with the Implementation Agreement and the Court Order has been lodged with ACRA.

5.2 Confirmations/Rulings from the SIC

An application was made by the Offeror to the SIC to seek certain rulings in relation to the Scheme. The SIC has confirmed on 20 July 2016, *inter alia*, that:

- (a) the Scheme is exempted from complying with Rules 14, 15, 16, 17, 20.1, 21, 22, 28, 29, 33.2 and Note 1(b) on Rule 19 of the Code, subject to the following conditions:
 - (i) the common Substantial Shareholders of the Offeror and the Company abstain from voting on the Scheme;
 - (ii) the Offeror Concert Party Group abstains from voting on the Scheme;
 - (iii) the directors of the Company who are also directors of the Offeror abstain from making a recommendation on the Scheme to the Scheme Shareholders;
 - (iv) the Company appoints an IFA to advise the Scheme Shareholders on the Scheme; and
 - (v) the Scheme Document discloses the names of the members of the Offeror Concert Party Group, their current voting rights in the Company as of the Latest Practicable Date and their voting rights in the Company after the Scheme; and
- (b) it has no objections to the Scheme Conditions.

LETTER TO SHAREHOLDERS

6. TEMASEK NOT ELIGIBLE TO VOTE

In accordance with the SIC's rulings as set out in paragraph 5.2(a)(ii) above, the Offeror Concert Party Group will abstain from voting on the Scheme in respect of their Scheme Shares. As the Shares held by Temasek are not Scheme Shares, Temasek will in any case not be eligible to vote on the Scheme.

7. DELISTING

Upon the Scheme becoming effective and binding in accordance with its terms, the Offeror will hold 100% of the Scheme Shares, comprising approximately 45.99% of the Shares, and Temasek will hold (directly and indirectly) 100% of the Shares. Accordingly, the Company will become a wholly-owned subsidiary of Temasek.

An application was made to seek approval-in-principle from the SGX-ST for the proposed delisting of the Company from the Official List of the SGX-ST upon the Scheme becoming effective and binding in accordance with its terms. The SGX-ST has, on 24 August 2016, advised that it has no objection to the Company's application for delisting from the Official List of the SGX-ST, subject to:

- (a) compliance with the SGX-ST's listing requirements;
- (b) approval of the Scheme by a majority in number of Scheme Shareholders present and voting, either in person or by proxy, at the Scheme Meeting, such majority representing not less than three-fourths in value of the Scheme Shares voted at the Scheme Meeting; and
- (c) the Court's approval being obtained for the Scheme.

The above decision of the SGX-ST is not to be taken as an indication of the merits of the Scheme, the delisting of the Company from the Official List of the SGX-ST, the Company, its subsidiaries and/or their securities.

SCHEME SHAREHOLDERS SHOULD NOTE THAT THE SHARES WILL BE DELISTED FROM THE OFFICIAL LIST OF THE SGX-ST IF THE SCHEME BECOMES EFFECTIVE AND BINDING IN ACCORDANCE WITH ITS TERMS.

8. CONFIRMATION OF FINANCIAL RESOURCES

As stated in the Offeror's Letter as set out in Appendix 2 to this Scheme Document, Credit Suisse (Singapore) Limited, in its capacity as financial adviser to the Offeror, confirms that sufficient financial resources are available to the Offeror to satisfy in full the aggregate Scheme Price payable pursuant to the Scheme.

LETTER TO SHAREHOLDERS

9. INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS

9.1 Appointment of IFA

Rothschild (Singapore) Limited has been appointed as the independent financial adviser to advise the Independent Directors in respect of the Scheme. Scheme Shareholders should consider carefully the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors before deciding whether or not to vote in favour of the Scheme. The advice of the IFA is set out in its letter dated 6 September 2016 (the “IFA Letter”) as set out in Appendix 1 to this Scheme Document.

9.2 Factors Taken Into Consideration by the IFA

In arriving at its recommendation, the IFA has taken into account certain considerations (an extract of which is reproduced in italics below). Scheme Shareholders should read the following extract in conjunction with, and in the context of, the IFA Letter in its entirety as set out in Appendix 1 to this Scheme Document.

“In arriving at our opinion and our advice to the Independent Directors, we have taken into consideration and relied upon, inter alia, the following key considerations and factors which should be read in conjunction with, and interpreted, in the full context of this letter:

- (a) The Acquisition is by way of a Scheme, under which if effected, each Scheme Shareholder will be entitled to receive S\$1.68 per Scheme Share;*
- (b) On the date on which the Scheme becomes effective, the Company will become a wholly-owned subsidiary of Temasek, and will, subject to the approval of the SGX-ST, be delisted from the Official List of the SGX-ST shortly thereafter;*
- (c) The Shares have adequate liquidity and broker research coverage. The historical Share prices of the Company provide a reasonable basis against which to compare the Scheme Price;*
- (d) The closing prices of the Shares have traded between S\$1.02 and S\$1.80 over the 3-year period prior to the Joint Announcement Date;*
- (e) Subsequent to the Joint Announcement Date and up to the Latest Practicable Date, the closing prices of the Shares have traded between S\$1.63 and S\$1.65;*
- (f) The Scheme Price represents a premium of approximately 10.8 per cent., 10.7 per cent., 8.7 per cent., and 15.5 per cent. respectively over the VWAP of the Shares in the 1-month, 3-month, 6-month and 12-month periods preceding the Joint Announcement Date;*
- (g) The Scheme Price represents a premium of approximately 8.7 per cent. to the closing price of S\$1.55 on the Last Trading Day;*
- (h) The implied last twelve months LTM EV/EBITDA, LTM EV/EBIT, LTM P/E, historical latest P/NTA multiples of the Scheme Price on a pro-forma and as reported basis are above the Company's mean multiples for the 12-month period prior to the Joint Announcement Date;*

LETTER TO SHAREHOLDERS

- (i) *The implied multiples of the Company are above both the overall mean and median of the Comparable Companies across LTM EV/EBITDA (7.1 times and 7.0 times), LTM EV/EBIT (15.9 times and 13.8 times), LTM P/E (17.7 times and 15.8 times) and Latest P/NTA (both 2.3 times);*
- (j) *The implied multiples of the Company are above the level of the Selected Precedent Transaction across LTM EV/EBITDA (7.5 times), LTM EV/EBIT (21.5 times) and LTM P/E (21.2 times), and below the level of Selected Precedent Transaction with respect to Latest P/NTA (5.6 times);*
- (k) *The implied premia of the Scheme Price are within the range of the premia on Selected Precedent Take-overs in Singapore for last transacted price (2.6 per cent. to 55.3 per cent.), 1-month VWAP (4.5 per cent. to 58.4 per cent.), 3-month VWAP (5.5 per cent. to 69.2 per cent.) and 6-month VWAP (7.4 per cent. to 101.2 per cent.);*
- (l) *The implied premium of the Scheme Price is below the overall median of the premia on Selected Precedent Take-overs in Singapore for last transacted price (23.6 per cent.), 1-month VWAP (32.3 per cent.), 3-month VWAP (32.1 per cent.) and 6-month VWAP (28.2 per cent.);*
- (m) *Broker research price targets ranged from S\$1.00 to S\$2.52 prior to the Joint Announcement Date. The Scheme Price represents a premium of approximately 24.4 per cent. to the median broker research price target of S\$1.35 prior to the Joint Announcement Date; and*
- (n) *Broker research price targets ranged from S\$1.00 to S\$1.68 for reports as of the Latest Practicable Date. The Scheme Price represents a premium of approximately 23.5 per cent to the median broker research target price of S\$1.36 as of the Latest Practicable Date.”*

9.3 Advice of the IFA

After having regard to the considerations set out in the IFA Letter, and based on the information available to the IFA as at the Latest Practicable Date, the IFA has made certain recommendations to the Independent Directors, an extract of which is reproduced in italics below.

Scheme Shareholders should read the following extract in conjunction with, and in the context of, the IFA Letter in its entirety as set out in Appendix 1 to this Scheme Document.

“Based upon and subject to the foregoing, we are of the opinion that, as at the Latest Practicable Date the terms of the Scheme from a financial point of view are FAIR AND REASONABLE so far as the Scheme Shareholders are concerned. Accordingly, we advise the Independent Directors to recommend that the Scheme Shareholders VOTE IN FAVOUR of the Scheme at the Scheme Meeting or sell their Scheme Shares in the open market if they are able to obtain a price higher than the Scheme Price (after netting off the related transaction expenses).”

LETTER TO SHAREHOLDERS

10. INDEPENDENT DIRECTORS' RECOMMENDATION

10.1 Independence

All Directors consider themselves to be independent for the purpose of making a recommendation to the Scheme Shareholders in respect of the Scheme.

10.2 Recommendation

The Independent Directors, having considered carefully the terms of the Scheme and the advice given by the IFA in the IFA Letter, concur with the recommendation of the IFA in respect of the Scheme. Accordingly, the Independent Directors unanimously recommend that Scheme Shareholders **VOTE IN FAVOUR** of the Scheme at the Scheme Meeting.

Scheme Shareholders should also be aware and note that there is no assurance that the trading volumes and market prices of the Scheme Shares will be maintained at the current levels prevailing as at the Latest Practicable Date if the Scheme does not become effective and binding for whatever reason. In the event the Scheme becomes effective, it will be binding on all Scheme Shareholders whether or not they were present in person or by proxy or voted at the Scheme Meeting. Scheme Shareholders should also be aware and note that there is currently no certainty that the Scheme will become effective and binding.

Scheme Shareholders should read and consider carefully this Scheme Document in its entirety, and in particular, the advice of the IFA as set out in Appendix 1 to this Scheme Document, before deciding whether or not to vote in favour of the Scheme.

10.3 No Regard to Specific Objectives

The Independent Directors advise Scheme Shareholders, in deciding whether or not to vote in favour of the Scheme, to carefully consider the advice of the IFA and in particular, the various considerations highlighted by the IFA in the IFA Letter.

In giving the above recommendation, the Independent Directors have not had regard to the specific objectives, financial situation, tax position, tax status, risk profiles or particular needs and constraints and circumstances of any individual Scheme Shareholder. As each Scheme Shareholder would have different investment objectives and profiles, the Independent Directors recommend that any individual Scheme Shareholder who may require advice in the context of his specific investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

11. DIRECTORS' INTENTIONS WITH RESPECT TO THEIR SCHEME SHARES

All of the Directors who hold Scheme Shares, as set out in paragraph 5.3 of Appendix 3 to this Scheme Document, have informed the Company that they will **VOTE IN FAVOUR** of the Scheme.

LETTER TO SHAREHOLDERS

12. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Scheme Document (other than the information in Appendices 1, 2, 8 and 9 to this Scheme Document, and any information relating to or opinions expressed by the Offeror, the Offeror Concert Party Group, PwC and/or the IFA) and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Scheme Document constitutes full and true disclosure of all material facts about the Acquisition, the Scheme and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Scheme Document misleading.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from a named source (including the Offeror and/or Temasek), 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 Scheme Document in its proper form and context.

In respect of the IFA Letter, the sole responsibility of the Directors has been to ensure that the facts stated with respect to the Group are fair and accurate.

13. GENERAL INFORMATION

Your attention is drawn to the further relevant information in the Explanatory Statement and the Appendices to this Scheme Document.

Yours faithfully

For and on behalf of the Board of Directors of
SMRT CORPORATION LTD

Mr Koh Yong Guan
Chairman

Any enquiries relating to this Scheme Document or the Scheme should be directed to the following:

SMRT Corporation Ltd
Email: investors_r@smrt.com.sg

BofA Merrill Lynch
Tel: +65 6678 0081
(From Monday to Friday: 9.00 a.m. to 6.00 p.m.)

EXPLANATORY STATEMENT
(in compliance with Section 211 of the Companies Act)

**PROPOSED ACQUISITION OF THE COMPANY BY THE OFFEROR
BY WAY OF THE SCHEME**

1. INTRODUCTION

1.1 Joint Announcement

On 20 July 2016, the Company and the Offeror jointly announced the proposed Acquisition to be effected by way of the Scheme at a Scheme Price of S\$1.68 in cash for each Scheme Share under Section 210 of the Companies Act and in accordance with the Code and the terms and conditions of the Implementation Agreement.

On 21 July 2016, the Company and the Offeror jointly announced that the Offeror does not intend to increase the Scheme Price.

Copies of the above-mentioned announcements are available on SGXNET at www.sgx.com.

1.2 Effect of the Scheme and the Delisting

Upon the Scheme becoming effective and binding in accordance with its terms, the Offeror will hold 100% of the Scheme Shares, comprising approximately 45.99% of the Shares, and Temasek will hold (directly and indirectly) 100% of the Shares. Accordingly, the Company will become a wholly-owned subsidiary of Temasek.

An application was made to seek approval-in-principle from the SGX-ST for the proposed delisting of the Company from the Official List of the SGX-ST upon the Scheme becoming effective and binding in accordance with its terms. The SGX-ST has, on 24 August 2016, advised that it has no objection to the Company's application for delisting from the Official List of the SGX-ST, subject to:

- (a) compliance with the SGX-ST's listing requirements;
- (b) approval of the Scheme by a majority in number of Scheme Shareholders present and voting, either in person or by proxy, at the Scheme Meeting, such majority representing not less than three-fourths in value of the Scheme Shares voted at the Scheme Meeting; and
- (c) the Court's approval being obtained for the Scheme.

The above decision of the SGX-ST is not to be taken as an indication of the merits of the Scheme, the delisting of the Company from the Official List of the SGX-ST, the Company, its subsidiaries and/or their securities.

EXPLANATORY STATEMENT
(in compliance with Section 211 of the Companies Act)

1.3 Explanatory Statement

This Explanatory Statement should be read in conjunction with the full text of this Scheme Document, including the Scheme as set out in Appendix 14 to this Scheme Document. Capitalised terms used in this Explanatory Statement which are not defined in this Explanatory Statement and the Scheme shall bear the same meanings ascribed to them on pages 1 to 9 of this Scheme Document.

2. RATIONALE FOR THE ACQUISITION

The rationale for the Acquisition is set out in paragraph 4 of the Offeror's Letter as set out in Appendix 2 to this Scheme Document.

3. THE SCHEME

3.1 Terms of the Scheme

The Scheme is proposed to all Scheme Shareholders.

Under the Scheme:

- (a) upon the Scheme becoming effective and binding in accordance with its terms, all the Scheme Shares held by the Entitled Scheme Shareholders will be transferred to the Offeror fully paid, free from all Encumbrances and together with all rights, benefits and entitlements as at the Joint Announcement Date and thereafter attaching thereto, including the right to receive and retain all Distributions (if any) declared, made or paid by the Company on or after the Joint Announcement Date but excluding the right to receive and retain the FY2016 Final Dividend. The Offeror will not be reducing the Scheme Price by the amount of the FY2016 Final Dividend;
- (b) in consideration for such transfer to the Offeror, each Entitled Scheme Shareholder will be entitled to receive the Scheme Price of S\$1.68 in cash for each Scheme Share held by such Entitled Scheme Shareholder; and
- (c) the Scheme will also be extended to all Scheme Shares unconditionally issued on or prior to the Books Closure Date pursuant to the valid vesting of any Awards.

3.2 No Cash Outlay

Scheme Shareholders should note that no cash outlay (including any stamp duties or brokerage expenses) will be required from Entitled Scheme Shareholders under the Scheme.

4. INFORMATION ON THE OFFEROR

As stated in the Offeror's Letter as set out in Appendix 2 to this Scheme Document, the Offeror is an investment holding company incorporated in Singapore on 9 June 2016. The Offeror is a wholly-owned subsidiary of Temasek. As at the Latest Practicable Date, the

EXPLANATORY STATEMENT

(in compliance with Section 211 of the Companies Act)

Offeror has an issued and paid-up share capital of S\$2.00 comprising two (2) ordinary shares. The Offeror has not carried on any business since its incorporation, except to enter into certain arrangements in connection with the Acquisition and the Scheme.

Information on the Offeror, as well as the Offeror's rationale for the Acquisition and future plans for the Group, are set out in the Offeror's Letter as set out in Appendix 2 to this Scheme Document.

5. SCHEME MEETING

5.1 Scheme Meeting

The Scheme, which is proposed pursuant to Section 210 of the Companies Act, is required to be approved by Scheme Shareholders at the Scheme Meeting. By an order of the Court, the Scheme Meeting was directed to be convened for the purpose of approving the Scheme.

By proposing that the Acquisition be implemented by way of a scheme of arrangement under Section 210 of the Companies Act, the Company is providing Scheme Shareholders with the opportunity to decide at the Scheme Meeting whether they consider the Scheme to be in their best interests.

The Scheme must be approved by a majority in number of Scheme Shareholders present and voting, either in person or by proxy, at the Scheme Meeting, such majority representing not less than three-fourths in value of the Scheme Shares voted at the Scheme Meeting.

When the Scheme becomes effective, it will be binding on all Scheme Shareholders, whether or not they were present in person or by proxy or voted at the Scheme Meeting.

5.2 Notice

The Notice of the Scheme Meeting is set out in Appendix 15 to this Scheme Document. You are requested to take note of the date, time and place of the Scheme Meeting.

6. CONDITIONS OF THE SCHEME

6.1 Scheme Conditions

(a) *Scheme Conditions*: The Scheme is conditional upon the satisfaction (or, where applicable, waiver) of all the Scheme Conditions by the Long-Stop Date.

A list of the Scheme Conditions is set out in Appendix 10 to this Scheme Document.

EXPLANATORY STATEMENT
(in compliance with Section 211 of the Companies Act)

(b) *Update on Status of Scheme Conditions:* Set out below is an update on the status of the Scheme Conditions:

(i) the SIC has confirmed on 20 July 2016, *inter alia*, that:

(A) the Scheme is exempted from complying with Rules 14, 15, 16, 17, 20.1, 21, 22, 28, 29 and 33.2 and Note 1(b) on Rule 19 of the Code, subject to certain conditions; and

(B) it has no objections to the Scheme Conditions.

Please refer to paragraph 7.1 below for further details;

(ii) the SGX-ST has on 24 August 2016 advised that it has no objection to the Company's application to delist from the Official List of the SGX-ST. Please refer to paragraph 8 below for further details; and

(iii) other than as set out in this paragraph 6.1(b), none of the other Scheme Conditions have, as at the Latest Practicable Date, been satisfied or waived.

(c) *Remaining Scheme Conditions:* Accordingly, as at the Latest Practicable Date, the Scheme remains conditional upon the satisfaction (or, where applicable, waiver) of the remaining Scheme Conditions as set out in Appendix 10 to this Scheme Document on or before the Long-Stop Date.

6.2 Non-fulfilment of Scheme Conditions

The Scheme will only become effective and binding if all the Scheme Conditions have been satisfied (or, where applicable, waived) on or before the Long-Stop Date.

6.3 Termination Rights

Scheme Shareholders should note that:

(a) the Implementation Agreement provides that the Implementation Agreement may be terminated at any time on or prior to the Record Date (provided that the party seeking termination does so only after prior consultation with, and approval of, the SIC):

(i) *Regulatory Action:* by either the Company or the Offeror, if any court of competent jurisdiction or Governmental Agency has issued an order, decree or ruling or taken any other action permanently enjoining, restraining or otherwise prohibiting the Scheme, the Acquisition or any part thereof, or has refused to do anything necessary to permit the Scheme, the Acquisition or any part thereof (including for the avoidance of doubt if the Court Order is not granted), and such order, decree, ruling, other action or refusal shall have become final and non-appealable;

EXPLANATORY STATEMENT
(in compliance with Section 211 of the Companies Act)

(ii) *Breach*: either:

- (A) by the Offeror, if the Company is in material breach of any provision of the Implementation Agreement (other than a provision which is qualified by a materiality test, in which case any breach shall suffice) or has failed to perform and comply in all material respects with any matters referred to in paragraph 8(b) of Appendix 10 to this Scheme Document on or prior to the Record Date; or
- (B) by the Company, if the Offeror is in material breach of any provision of the Implementation Agreement (other than a provision which is qualified by a materiality test, in which case any breach shall suffice) or has failed to perform and comply in all material respects with any matters referred to in paragraph 9(b) of Appendix 10 to this Scheme Document on or prior to the Record Date,

provided that either the Offeror or the Company, as the case may be, has given written notice to the other party of the alleged breach and stating its intention to terminate the Implementation Agreement and further that in the case where such a breach is capable of remedy, the party in breach fails to remedy the same within 14 Business Days after receipt of such notice; and

(iii) *Shareholders' Approvals*: by either the Company or the Offeror, if the resolutions in respect of the Scheme are not approved (without amendment) by the requisite majorities of Scheme Shareholders at the Scheme Meeting;

(b) notwithstanding anything contained in the Implementation Agreement, the Implementation Agreement shall terminate if any of the Scheme Conditions has not been satisfied (or, where applicable, has not been waived) by, or if the Scheme has not become effective and binding in accordance with its terms by, the Long-Stop Date, except that:

- (i) in the event of any non-fulfilment of the Scheme Conditions in paragraphs 5, 6, 8 and/or 10 of Appendix 10 to this Scheme Document, the Offeror may only rely on such non-fulfilment of any such Scheme Condition to terminate the Implementation Agreement subject to prior consultation with, and approval of, the SIC; and
- (ii) in the event of any non-fulfilment of the Scheme Conditions in paragraphs 4(a), 4(b), 7 and/or 9 of Appendix 10 to this Scheme Document, the Company may only rely on such non-fulfilment of any such Scheme Condition to terminate the Implementation Agreement subject to prior consultation with, and approval of, the SIC;

(c) in the event of termination of the Implementation Agreement by either the Company or the Offeror pursuant to the terms of the Implementation Agreement, the Implementation Agreement shall terminate (except for certain surviving provisions such as those relating to confidentiality, costs and expenses and governing law) and there shall be no other liability on the Company or the Offeror. Any termination of the

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Implementation Agreement shall be without prejudice to any rights which the Company or the Offeror may have against the other party for any breach by that other party prior to the termination of the Implementation Agreement; and

- (d) in the event either the Company or the Offeror intends to consult the SIC in relation to the termination of the Implementation Agreement, the Company or the Offeror (as the case may be) shall give prior written notice of such intention to the other party.

6.4 Company's Obligations

Save insofar as mutually agreed in writing between the Company and the Offeror, the Company must execute all documents and do all acts and things necessary for the implementation of the Scheme, as expeditiously as practicable, including the following:

- (a) the issue of the Joint Announcement, jointly with the Offeror, on the Joint Announcement Date;
- (b) the preparation and despatch of the Scheme Document and all other documents which are required to be prepared and circulated by it in connection with the Scheme and to carry into effect the Implementation Agreement, in each case in compliance with all applicable laws and regulations, and the despatch of the Offeror's Letter together with the Scheme Document;
- (c) the submission of the draft Scheme Document to the SGX-ST for clearance as soon as reasonably practicable after the date of the Implementation Agreement and diligently seek such clearance promptly;
- (d) subject to obtaining the approval of the SGX-ST, the application to the Court within such time frames as set out in Schedule 6 of the Implementation Agreement for order(s) convening the Scheme Meeting and for any ancillary orders relating thereto (all such applications and orders, including the originating summons for the Scheme, to be in such form and substance as shall have been approved by the Offeror) and the convening of the Scheme Meeting;
- (e) instructing the Share Registrar to promptly (but in any event no later than 35 Business Days after the Joint Announcement Date, assuming that the approval of the SGX-ST on the draft Scheme Document, and the approval of the Court to convene the Scheme Meeting, is obtained in time) despatch to Scheme Shareholders the Scheme Document and the appropriate forms of proxy for use at the Scheme Meeting following approval of the Scheme Document by the SGX-ST and the approval of the Court to convene the Scheme Meeting, respectively, and lodge the same with the SIC;
- (f) if the Scheme is approved by Scheme Shareholders at the Scheme Meeting, applying to the Court within such time frames as set out in Schedule 6 of the Implementation Agreement for seeking the Court's sanction and confirmation of the Scheme;

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- (g) following the grant of the Court Order, delivering the same to ACRA for lodgement within such time frames as set out in Schedule 6 of the Implementation Agreement;
- (h) subject and without prejudice to the Company's legal or regulatory obligations, the Company will consult in good faith with the Offeror with a view to establishing appropriate procedures to provide the Offeror with access to information which it reasonably requires for the purposes of the Acquisition and to facilitate the timely notification of material matters affecting the Group Companies' respective businesses to the Offeror;
- (i) subject and without prejudice to the Company's legal or regulatory obligations, from the date of the Implementation Agreement up to and including the Effective Date, the Company will, and will procure that the other Group Companies, authorise and direct their respective officers, employees, auditors, legal advisers and other advisers to reasonably assist and co-operate with the Offeror for the completion of the Acquisition and the implementation of the Scheme;
- (j) it will use best endeavours to procure that the Independent Directors will recommend to the Scheme Shareholders to vote in favour of the Scheme at the Scheme Meeting, subject and without prejudice to the fiduciary duties of the Independent Directors;
- (k) it will on request from time to time, confirm to the Offeror in writing that there are no matters or circumstances which might cause or result in any of the Scheme Conditions to be unfulfilled or incapable of fulfilment of which it is aware (other than as previously notified);
- (l) subject and without prejudice to any legal or regulatory obligations of the Company and the fiduciary duties of the Directors, the Company will take no action which may be prejudicial to the successful completion of the Acquisition and/or the Scheme;
- (m) during the period from the date of the Implementation Agreement up to and including the Effective Date, it will, subject to applicable laws and regulations:
 - (i) not, and will procure that no Group Company (including its employees, representatives and advisers) will, except with the prior written consent of the Offeror, directly or indirectly, solicit, encourage, initiate, induce or entertain approaches (whether oral, written or otherwise) or participate in or enter into discussions regarding (A) any general offer for the Shares from any third party; (B) any proposal for an acquisition of the Company or any other Group Company or other business combination, merger, amalgamation or similar transaction involving the Company or any other Group Company with any other entity; (C) any proposal for a sale of any shares or (other than in the ordinary and usual course of business) assets of any Group Company; or (D) any other transaction (including allowing any third party to perform due diligence investigations on any Group Company) which would preclude, interfere with or prejudice the Acquisition and/or the Scheme; and

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- (ii) notify the Offeror of the details of any approach or solicitation by any third party made in writing or otherwise either to the Company or any Group Company with a view to the making of any such offer, merger or sale upon becoming aware of the relevant matter.

For the avoidance of doubt, nothing in this sub-paragraph (m) shall prohibit or restrict a Group Company from receiving any unsolicited or uninitiated expression of interest, offer or proposal of a kind referred to in this sub-paragraph (m) and, in the event such expression of interest, offer or proposal is received by a Group Company, such Group Company shall be entitled to take such action (including the making of announcements) as may be required for the purposes of:

- (1) complying with the Companies Act, the Listing Manual, the Code or any other laws, rules or regulations applicable to the Group Company; and/or
 - (2) allowing the directors of the Group Company to comply with or discharge their fiduciary duties, or other legal or regulatory obligations to which they are subject under applicable laws and regulations (including obligations under the Code);
- (n) during the period between the date of the Implementation Agreement and the Effective Date (both dates inclusive), the Company will not, and will procure that each Group Company will not, without the prior written consent of the Offeror:
- (i) except as would not be material in the context of the Group taken as a whole, dispose of any assets, including shares or other interests in any Group Company or in any other entity in which it has an interest to a third party, or voluntarily assume, acquire or incur any liabilities (including contingent liabilities), in each case otherwise than in the ordinary and usual course of business of the Group;
 - (ii) create, or agree to create, any Encumbrance over its business or any assets except in the ordinary and usual course of business of the Group;
 - (iii) enter into any guarantee, indemnity or other agreement to secure any obligation of a third party that is not a Group Company;
 - (iv) enter into any transaction with any shareholder and/or director of any Group Company otherwise than in the ordinary and usual course of business of the Group;
 - (v) amend, or agree to amend, any terms of any agreement or arrangement to which any Group Company is a party or by which any Group Company is bound which would have a material adverse effect on the financial position of the Group as a whole;
 - (vi) incur further financial indebtedness; and/or

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- (vii) take any action in connection with the Notes which may result in the Noteholders electing to exercise any option to procure the Company to redeem the Notes (including without limitation providing a written certificate to the trustee for the Notes stating that the Scheme would materially and adversely affect the issuer of the Notes and the Company's ability to perform or comply with its respective payment obligations under the Notes);
- (o) during the period from the date of the Implementation Agreement up to and including the Effective Date, the Group Companies carrying on their respective businesses only in the ordinary and usual course of business, and, to the extent consistent therewith, using reasonable commercial efforts to keep intact their current business organisations, keep available the services of their current key officers and key employees and preserve their relationships with key customers, lenders, regulators, key suppliers, key licensors, key licensees and others having business dealings with them;
- (p) the Company will not:
 - (i) declare or pay any dividend or make any distribution (in cash or in kind) to the Shareholders other than the payment of the FY2016 Final Dividend; or
 - (ii) (and will procure that no Group Company will) create, allot or issue any shares or other securities convertible into equity securities, or create, issue or grant any option or right to subscribe in respect of any of its share capital, or agree to do any of the foregoing, other than pursuant to the vesting of Awards outstanding as at the date of the Implementation Agreement;
- (q) in relation to the Awards, the Share Plans 2004 and the Share Plans 2014:
 - (i) the Company will not grant any further Awards or other rights to acquire shares in the capital of the Company;
 - (ii) the Company will not issue any new Shares other than pursuant to the valid vesting and release of Awards outstanding as at the date of the Implementation Agreement; and
 - (iii) subject to the obtaining of the approval of the Scheme by the Scheme Shareholders at the Scheme Meeting in compliance with the requirements under Section 210(3AB) of the Companies Act, the committee of the Company administering the Share Plans 2004 and the Share Plans 2014 of the Company will exercise its discretion, pursuant to the relevant rules of the respective plans, so as to ensure that (A) there will not be any outstanding Awards as at the Books Closure Date and which are capable of vesting into Shares after the Books Closure Date and (B) the maximum potential issued share capital of the Company shall at no time exceed 1,535,372,014 Shares; and
- (r) the Company will procure that the directors of the Company will not (whether before or after the Effective Date) exercise their discretion pursuant to Article 39(A)(b) of the Articles of Association to require that the Offeror dispose of the Scheme Shares (or any part thereof).

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7. SCHEME CONDITIONS AND REGULATORY APPROVALS

7.1 SIC

- (a) *Code*: The SIC confirmed on 20 July 2016, *inter alia*, that the Scheme is exempted from complying with Rules 14, 15, 16, 17, 20.1, 21, 22, 28, 29 and 33.2 and Note 1(b) on Rule 19 of the Code, subject to the following conditions:
- (i) the common Substantial Shareholders of the Offeror and the Company abstain from voting on the Scheme;
 - (ii) the Offeror Concert Party Group abstains from voting on the Scheme;
 - (iii) the directors of the Company who are also directors of the Offeror abstain from making a recommendation on the Scheme to the Scheme Shareholders;
 - (iv) the Company appoints an IFA to advise the Scheme Shareholders on the Scheme; and
 - (v) the Scheme Document discloses the names of the members of the Offeror Concert Party Group, their current voting rights in the Company as of the Latest Practicable Date and their voting rights in the Company after the Scheme.

As at the Latest Practicable Date:

- (A) the Offeror Concert Party Group will abstain from voting on the Scheme in respect of their Scheme Shares (if any);
- (B) there are no Directors who are also directors of the Offeror Concert Party Group; and
- (C) the Company has appointed the IFA to advise the Independent Directors in relation to the Scheme.

Please refer to paragraph 9 of the Offeror's Letter as set out in Appendix 2 to this Scheme Document for the names of the members of the Offeror Concert Party Group with shareholdings in the Company, their respective shareholdings and voting rights as at the Latest Practicable Date, and their shareholdings or any other voting rights in the Company upon the Scheme becoming effective and binding in accordance with its terms.

- (b) *Scheme Conditions*: The SIC has confirmed on 20 July 2016 that it has no objections to the Scheme Conditions.

7.2 Court

The Scheme is subject to the sanction of the Court as stated in paragraph 2 of Appendix 10 to this Scheme Document.

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7.3 SGX-ST

As set out in paragraph 8 below, an application was made to seek approval-in-principle from the SGX-ST for the proposed delisting of the Company from the Official List of the SGX-ST upon the Scheme becoming effective and binding in accordance with its terms.

8. EFFECT OF THE SCHEME AND DELISTING

Upon the Scheme becoming effective and binding in accordance with its terms, the Offeror will hold 100% of the Scheme Shares, comprising approximately 45.99% of the Shares, and Temasek will hold (directly and indirectly) 100% of the Shares. Accordingly, the Company will become a wholly-owned subsidiary of Temasek.

An application was made to seek approval-in-principle from the SGX-ST for the proposed delisting of the Company from the Official List of the SGX-ST upon the Scheme becoming effective and binding in accordance with its terms. The SGX-ST has, on 24 August 2016, advised that it has no objection to the Company's application for delisting from the Official List of the SGX-ST, subject to:

- (a) compliance with the SGX-ST's listing requirements;
- (b) approval of the Scheme by a majority in number of Scheme Shareholders present and voting, either in person or by proxy, at the Scheme Meeting, such majority representing not less than three-fourths in value of the Scheme Shares voted at the Scheme Meeting; and
- (c) the Court's approval being obtained for the Scheme.

The above decision of the SGX-ST is not to be taken as an indication of the merits of the Scheme, the delisting of the Company from the Official List of the SGX-ST, the Company, its subsidiaries and/or their securities.

SCHEME SHAREHOLDERS SHOULD NOTE THAT THE SHARES WILL BE DELISTED FROM THE SGX-ST IF THE SCHEME BECOMES EFFECTIVE AND BINDING IN ACCORDANCE WITH ITS TERMS.

9. IMPLEMENTATION OF THE SCHEME

9.1 Application to Court for Sanction

If the Scheme is approved by a majority in number of Scheme Shareholders present and voting, either in person or by proxy, at the Scheme Meeting, such majority representing not less than three-fourths in value of the Scheme Shares voted at the Scheme Meeting, an application will be made to the Court by the Company for the sanction of the Scheme.

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9.2 Procedure for Implementation

If the Court sanctions the Scheme, the Offeror and the Company will (subject to the satisfaction (or, where applicable, waiver) of all the Scheme Conditions on or before the Long-Stop Date) take the necessary steps to render the Scheme effective and binding in accordance with its terms, and the following will be implemented:

- (a) the Scheme Shares held by Entitled Scheme Shareholders will be transferred to the Offeror for the Scheme Price to be paid by the Offeror to Entitled Scheme Shareholders for each Scheme Share as follows:
 - (i) in the case of Entitled Scheme Shareholders (not being depositors), the Company shall authorise any person to execute or effect on behalf of all such Entitled Scheme Shareholders an instrument or instruction of transfer of all the Scheme Shares held by such Entitled Scheme Shareholders and every such instrument or instruction of transfer so executed shall be effective as if it had been executed by the relevant Entitled Scheme Shareholder; and
 - (ii) in the case of Entitled Scheme Shareholders (being depositors), the Company shall instruct CDP, for and on behalf of such Entitled Scheme Shareholders, to debit, not later than three (3) Business Days after the Effective Date, all the Scheme Shares standing to the credit of the Securities Account of such Entitled Scheme Shareholders and credit all of such Scheme Shares to the Securities Account of the Offeror or such Securities Account(s) as directed by the Offeror;
- (b) from the Effective Date, all existing share certificates relating to the Scheme Shares held by the Entitled Scheme Shareholders (not being depositors) will cease to be evidence of title of the Scheme Shares represented thereby;
- (c) Entitled Scheme Shareholders (not being depositors) are required to forward their existing share certificates relating to their Scheme Shares to the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, as soon as possible, but not later than seven (7) Business Days after the Effective Date for cancellation; and
- (d) the Offeror shall, not later than seven (7) Business Days after the Effective Date, and against the transfer of the Scheme Shares set out in paragraph 9.2(a) above, make payment of the aggregate Scheme Price payable on the transfer of the Scheme Shares pursuant to the Scheme to:
 - (i) each Entitled Scheme Shareholder (not being a depositor) by sending a cheque for the aggregate Scheme Price payable to such Entitled Scheme Shareholder made out in favour of such Entitled Scheme Shareholder by ordinary post to his address in the Register of Members at the close of business on the Books Closure Date, at the sole risk of such Entitled Scheme Shareholder, or in the case of joint Entitled Scheme Shareholders, to the first named Entitled Scheme Shareholder made out in favour of such Entitled Scheme Shareholder by ordinary post to his address in the Register of Members at the close of business on the Books Closure Date, at the sole risk of such Entitled Scheme Shareholders; and

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- (ii) each Entitled Scheme Shareholder (being a depositor) by making payment of the aggregate Scheme Price payable to such Entitled Scheme Shareholder to CDP. CDP shall (A) in the case of an Entitled Scheme Shareholder (being a depositor) who has registered for CDP's direct crediting service, credit the aggregate Scheme Price payable to such Entitled Scheme Shareholder, to the designated bank account of such Entitled Scheme Shareholder and (B) in the case of an Entitled Scheme Shareholder or joint Entitled Scheme Shareholders (being depositor(s)) who has or have not registered for CDP's direct crediting service, send to such Entitled Scheme Shareholder(s), by ordinary post to his mailing address in the Depository Register and at the sole risk of such Entitled Scheme Shareholder(s), a cheque for the payment of such aggregate Scheme Price made out in favour of such Entitled Scheme Shareholder(s).

Assuming that the Scheme becomes effective and binding on 21 October 2016, the crediting by CDP of the Scheme Price payable to the Entitled Scheme Shareholders (being depositors and in the case of Entitled Scheme Shareholders who have registered with CDP for direct crediting service) into the designated bank accounts of such Entitled Scheme Shareholders or, as the case may be, the posting of cheques for the Scheme Price under the Scheme in the manner set out in this paragraph 9.2(d) is expected to take place on or before 1 November 2016.

9.3 Retention and Release of Proceeds

On and after the day being six (6) calendar months after the posting of such cheques relating to the Scheme Price, the Offeror shall have the right to cancel or countermand payment of any such cheque which has not been cashed (or has been returned uncashed) and shall place all such moneys in a bank account in the Company's name with a licensed bank in Singapore selected by the Company. The Company or its successor entity shall hold such moneys and any moneys returned by CDP to the Company (which shall similarly be placed in the bank account referred to in the preceding sentence) until the expiration of six (6) years from the Effective Date and shall prior to such date make payments therefrom of the sums payable pursuant to Clause 3.2 of the Scheme as set out in Appendix 14 to this Scheme Document to persons who satisfy the Company or its successor entity that they are respectively entitled thereto and that the cheques referred to in Clause 3.2 of the Scheme as set out in Appendix 14 to this Scheme Document for which they are payees have not been cashed. Any such determination shall be conclusive and binding upon all persons claiming an interest in the relevant moneys, and any payments made by the Company thereunder shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to Clause 3.1 of the Scheme as set out in Appendix 14 to this Scheme Document.

On the expiry of six (6) years from the Effective Date, each of the Company and the Offeror shall be released from any further obligation to make any payments of the Scheme Price under the Scheme and the Company or its successor entity shall transfer to the Offeror the balance (if any) of the sums then standing to the credit of the bank account referred to in Clause 3.4(a) of the Scheme as set out in Appendix 14 to this Scheme Document including accrued interest, subject, if applicable, to the deduction of interest, tax or any withholding tax or any other deduction required by law and subject to the deduction of any expenses.

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10. CLOSURE OF BOOKS

10.1 Notice of Books Closure

Subject to the approval of the Scheme by the Scheme Shareholders at the Scheme Meeting and the sanction of the Scheme by the Court, notice of the Books Closure Date will be given in due course for the purposes of determining the entitlements of Entitled Scheme Shareholders to the Scheme Price under the Scheme.

The Books Closure Date is tentatively scheduled to be 20 October 2016 at 5.00 p.m..

10.2 Books Closure

No transfer of the Scheme Shares where the certificates relating thereto are not deposited with CDP may be effected after the Books Closure Date.

10.3 Trading in Shares on the SGX-ST

The Scheme is tentatively scheduled to become effective and binding on or about 21 October 2016 and accordingly (assuming the Scheme becomes effective and binding on 21 October 2016), the Shares are expected to be delisted and withdrawn from the Official List of the SGX-ST after payment of the Scheme Price. It is therefore expected that, subject to the approval of the SGX-ST, the Shares will cease to be traded on the SGX-ST on or about 17 October 2016 at 5.00 p.m., being three (3) clear Market Days before the expected Books Closure Date.

Scheme Shareholders (not being depositors) who wish to trade in their Scheme Shares on the SGX-ST are required to deposit with CDP their certificates relating to their Scheme Shares, together with the duly executed instruments of transfer in favour of CDP, 15 Market Days prior to the tentative last day for trading of the Shares.

11. SETTLEMENT AND REGISTRATION PROCEDURES

Subject to the Scheme becoming effective and binding in accordance with its terms, the following settlement and registration procedures will apply:

11.1 Entitled Scheme Shareholders whose Scheme Shares are not deposited with CDP

Entitlements to the Scheme Price will be determined on the basis of Entitled Scheme Shareholders (not being depositors) and their holdings of Scheme Shares appearing in the Register of Members as at 5.00 p.m. on the Books Closure Date.

Entitled Scheme Shareholders (not being depositors) who have not already done so are requested to take the necessary action to ensure that the Scheme Shares owned by them are registered in their names with the Share Registrar by 5.00 p.m. on the Books Closure Date.

From the Effective Date, each existing share certificate representing a former holding of Scheme Shares by Entitled Scheme Shareholders (not being depositors) will cease to be evidence of title of the Scheme Shares represented thereby.

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Within seven (7) Business Days of the Effective Date, the Offeror shall make payment of the Scheme Price to each Entitled Scheme Shareholder (not being a depositor) based on his holding of the Scheme Shares as at 5.00 p.m. on the Books Closure Date.

11.2 Entitled Scheme Shareholders whose Scheme Shares are deposited with CDP

Entitlements to the Scheme Price will be determined on the basis of Entitled Scheme Shareholders (being depositors) and the number of Scheme Shares standing to the credit of their Securities Account as at 5.00 p.m. on the Books Closure Date.

Entitled Scheme Shareholders (being depositors) who have not already done so are requested to take the necessary action to ensure that the Scheme Shares owned by them are credited to their Securities Account by 5.00 p.m. on the Books Closure Date.

Following the Effective Date, CDP will debit all the Scheme Shares standing to the credit of each relevant Securities Account of each Entitled Scheme Shareholder (being a depositor) and credit all of such Scheme Shares to the Securities Account of the Offeror or such Securities Account(s) as directed by the Offeror.

Within seven (7) Business Days of the Effective Date, CDP shall make payment of the Scheme Price to each Entitled Scheme Shareholder (being a depositor) based on the number of Scheme Shares standing to the credit of his or its Securities Account as at 5.00 p.m. on the Books Closure Date.

12. DIRECTORS' INTERESTS

The interests of the Directors in the Scheme Shares as at the Latest Practicable Date are set out in paragraph 5.3 of Appendix 3 to this Scheme Document.

13. OVERSEAS SHAREHOLDERS

13.1 Overseas Shareholders

The applicability of the Scheme to Scheme Shareholders not resident in Singapore (as shown in the Register of Members or, as the case may be, in the records of the Depository Register) (collectively, the "**Overseas Shareholders**") may be affected by the laws of the relevant overseas jurisdiction. Accordingly, all Overseas Shareholders should keep themselves informed of, and observe, any applicable legal requirements, restrictions or prohibitions in their own jurisdiction.

Where there are potential restrictions on sending the Scheme Document to any overseas jurisdiction, the Offeror and the Company reserve the right not to send such documents to the Shareholders in such overseas jurisdiction. For the avoidance of doubt, the Scheme is being proposed to all Scheme Shareholders (including the Overseas Shareholders), including those to whom the Scheme Document will not be, or may not be, sent, provided that the Scheme Document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful and the Scheme is not being proposed in any jurisdiction in which the introduction or implementation of the Scheme would not be in compliance with the laws of such jurisdiction.

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13.2 Copies of Scheme Document

Shareholders (including Overseas Shareholders) may obtain copies of this Scheme Document and any related documents during normal business hours and up to the date of the Scheme Meeting from the Share Registrar at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623. Alternatively, an Overseas Shareholder may write in to the Share Registrar at the same address to request for this Scheme Document and any related documents to be sent to an address in Singapore by ordinary post at his own risk, up to three (3) Market Days prior to the date of the Scheme Meeting.

It is the responsibility of any Overseas Shareholder who wishes to request for this Scheme Document and any related documents to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with all necessary formalities or legal requirements. In requesting for this Scheme Document and any related documents, the Overseas Shareholder represents and warrants to the Offeror and the Company that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements.

If any Overseas Shareholder is in any doubt about his position, he should consult his professional adviser in the relevant jurisdiction.

13.3 Notice

The Offeror and the Company each reserves the right to notify any matter, including the fact that the Scheme has been proposed, to any or all Scheme Shareholders (including Overseas Shareholders) by announcement to the SGX-ST or paid advertisement in a daily newspaper published and circulated in Singapore, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Scheme Shareholder (including any Overseas Shareholder) to receive or see such announcement or advertisement. For the avoidance of doubt, for as long as the Company remains listed on the SGX-ST, it will continue to notify all Scheme Shareholders (including Overseas Shareholders) of any matter relating to the Scheme by announcement via SGXNET.

13.4 Foreign Jurisdiction

It is the responsibility of any Overseas Shareholder who wishes to participate in the Scheme to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with all necessary formalities or legal requirements. In participating in the Scheme, the Overseas Shareholder represents and warrants to the Offeror and the Company that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements. If any Overseas Shareholder is in any doubt about his position, he should consult his professional adviser in the relevant jurisdiction.

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14. ACTION TO BE TAKEN BY SHAREHOLDERS

Scheme Shareholders who are unable to attend the Scheme Meeting are requested to complete the enclosed Proxy Form in accordance with the instructions printed thereon and lodge them with the Share Registrar at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623 not less than 48 hours before the time fixed for the Scheme Meeting.

The completion and lodgement of Proxy Forms will not prevent Scheme Shareholders from attending and voting in person at the Scheme Meeting if they subsequently wish to do so. In such event, the relevant Proxy Forms will be deemed to be revoked.

15. INFORMATION RELATING TO CPFIS INVESTORS AND SRS INVESTORS

CPFIS Investors and SRS Investors who wish to attend the Scheme Meeting are advised to consult their respective CPF Agent Banks and SRS Agent Banks for further information and if they are in any doubt as to the action they should take, CPFIS Investors and SRS Investors should seek independent professional advice.

16. ADVICE OF THE INDEPENDENT FINANCIAL ADVISER

The IFA Letter setting out the advice of the IFA to the Independent Directors is set out in Appendix 1 to this Scheme Document.

17. INDEPENDENT DIRECTORS' RECOMMENDATION

The recommendation of the Independent Directors in relation to the Scheme is set out in paragraph 10 of the Letter to Shareholders.

18. GENERAL INFORMATION

Your attention is drawn to the further relevant information, including the interests in the Scheme Shares of the Directors, which are set out in the Appendices to this Scheme Document. These Appendices form part of this Scheme Document. This Explanatory Statement should be read in conjunction with, and is qualified by, the full text of this Scheme Document, including the Scheme as set out in Appendix 14 to this Scheme Document.

APPENDIX 1

LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

6 September 2016

The Independent Directors
SMRT Corporation Ltd
251 North Bridge Road
Singapore 179102

Dear Sirs,

PROPOSED ACQUISITION BY BELFORD INVESTMENTS PTE. LTD. OF ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF SMRT CORPORATION LTD BY WAY OF A SCHEME OF ARRANGEMENT

1. INTRODUCTION

On 20 July 2016 (the “**Joint Announcement Date**”), SMRT Corporation Ltd (“**SMRT**” or the “**Company**”) and Belford Investments Pte. Ltd. (the “**Offeror**”, together with the Company, the “**Parties**”), a wholly-owned subsidiary of Temasek Holdings (Private) Limited (“**Temasek**”) jointly announced the proposed acquisition (the “**Acquisition**”) by the Offeror of all the issued and paid-up ordinary shares (“**Shares**”) in the capital of the Company (other than those already held by the Offeror’s parent, Temasek) (“**Scheme Shares**”) from the shareholders of the Company (“**Shareholders**”) other than Temasek (“**Scheme Shareholders**”) via a joint announcement (the “**Joint Announcement**”). The parties announced that the Acquisition will be effected by way of a scheme of arrangement (“**Scheme**”) in accordance with Section 210 of the Companies Act, Chapter 50 of Singapore and the Singapore Code on Take-overs and Mergers. The Parties announced that the offer price for the Scheme Shares (“**Scheme Price**”) is S\$1.68 in cash for each Scheme Share.

As announced by the Company in an announcement dated 29 July 2016, Rothschild (Singapore) Limited (“**Rothschild**”) has been appointed to act as Independent Financial Adviser (“**IFA**”) to the Directors of the Company (“**Directors**”) who are considered to be independent for the purpose of making a recommendation to the Scheme Shareholders (“**Independent Directors**”) in connection with the Scheme. This letter sets out our opinion arising from our evaluation of the Scheme, from a financial point of view, for inclusion in the circular (“**Scheme Document**”) to be sent to the Scheme Shareholders in connection with the Scheme.

Unless otherwise defined in this letter or where the context otherwise requires, all terms defined in the Scheme Document shall have the same meaning when used in this letter.

To ensure that this letter is comprehensive and concise, details contained in the Scheme Document, where necessary or relevant are not wholly reproduced, but instead, are referenced to or summarised throughout this letter. We recommend that the Independent Directors advise Scheme Shareholders to read these contextual references and summaries with due care.

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Unless stated otherwise, all references to the financial statements, financial profile, financial forecasts or financial metrics (including, but not limited to Revenue, EBITDA, EBIT or PATMI) of the Company in this letter refer to the consolidated financial statements, financial profile, financial forecasts or relevant consolidated financial metrics of the Company and its subsidiaries (the “**Group**”).

2. NRFF AND USE OF PRO-FORMA FINANCIAL INFORMATION

On 15 July 2016, the Company announced (“**NRFF Announcement**”) the proposed sale of certain operating assets (“**Proposed Sale**”) to the Land Transport Authority (“**LTA**”) in connection with the contemplated transition of the Company’s rail operations from the current rail financing framework (“**CRFF**”) to the new rail financing framework (“**NRFF**”).

Based on the NRFF Announcement and the Joint Announcement, under the CRFF, the Group is expected to fund all additions, renewals and replacements relating to operating assets, and bears all revenue and cost risks. The Company has estimated that aggregate capital expenditure obligations under the CRFF could reach up to S\$2.8 billion over the next 5 years. The Company has estimated this would result in additional depreciation charges of approximately S\$90 million per annum (assuming a useful life of 30 years) if the S\$2.8 billion operating assets were to be purchased under CRFF. The Company has stated the NRFF is a more sustainable model, as it relieves the Group of its heavy capital expenditure obligations by transferring the responsibility for the addition, replacement and upgrading of operating assets for an expanded network to the LTA.

The NRFF and the Proposed Sale are expected to result in changes to the financial profile of the Company, as a result of various factors, including but not limited to: (i) a new licence charge going forward payable under the NRFF by SMRT Trains Ltd, the subsidiary of the Company responsible for SMRT’s trains operations (“**SMRT Trains**”); (ii) the Proposed Sale at the net book value of certain operating assets for an estimated total consideration of approximately S\$991 million; (iii) estimated tax payable on the difference between the sale proceeds and the residual capital allowances relating to the operating assets, amounting to approximately S\$159 million; and (iv) a reduction in future depreciation expense resulting from the sale of assets. The Company stated in the NRFF Announcement that it does not intend to use the net proceeds from the Proposed Sale to pay a special dividend to shareholders. Furthermore the Company stated that it will instead use part of the net proceeds from the Proposed Sale to progressively retire relevant portions of its existing debt.

According to the NRFF Announcement, the Proposed Sale constitutes a “Major Transaction” under Chapter 10 of the Listing Manual and is therefore subject to and conditional upon the approval of the Shareholders. On 29 July 2016 the Company issued the notice of an extraordinary general meeting to be held on 29 September 2016 for the purpose of considering resolutions, including ordinary resolutions in respect of the approval of the Proposed Sale and approval for the Directors to complete and do all acts and things necessary in connection with the Proposed Sale (including without limitation, to finalise and authorise the acceptance of the new single licence to be granted by LTA to SMRT Trains).

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The Company stated in the Joint Announcement that Temasek, which held a shareholding in the Company of approximately 54.01% as of the Joint Announcement Date, intends to vote in favour of the Proposed Sale. Furthermore, in the Scheme Document dated 6 September 2016 the Company stated that “Temasek and the Company accept the NRFF as part of a regulatory transition”.

The Company has provided Rothschild with, among others, (i) certain financial information for the 12 month period from 1 July 2015 to 30 June 2016 on a pro-forma basis, assuming SMRT Trains operated under the NRFF throughout the period; and (ii) a five-year financial forecast of the Company, including forecasts of revenue, earnings before interest, taxes, depreciation and amortisation, and free cash flow, assuming SMRT Trains is operating under the NRFF from 1 October 2016 (collectively, the “**Ancillary Financial Information**”). A summary of the key pro-forma financial information (the “**Pro Forma LTM Financials**”) is shown below. Without prejudice to the terms of reference set out in Section 3 below, note that in relation to the Pro Forma LTM Financials contained in the Ancillary Financial Information, we have relied upon and assumed, inter alia, the accuracy, adequacy and completeness of all information that was furnished to or discussed with us by the Company and/or its professional advisers, and we have not independently verified (nor have we assumed responsibility or liability for independently verifying) any such information or its accuracy or completeness or adequacy. We do not represent or warrant, expressly or impliedly, and do not accept or assume any responsibility for, the accuracy, completeness or adequacy of such information.

The Pro Forma LTM Financials are intended to reflect the announced regulatory changes in SMRT’s rail segment. We note there are also ongoing regulatory changes which may affect SMRT’s bus segment. The Company has represented to us that the Pro Forma LTM Financials do not include any adjustments to the reported financial statements of SMRT’s bus segment, including with respect to the new negotiated contracts announced on 11 August 2016 as described in Section 10.2 of this letter.

Table 1 – Selected financial information on the Company

12 month period ended	30 June 2016 (Unaudited, as reported)¹	30 June 2016 (Unaudited, pro-forma under NRFF)
Revenue	S\$1,290.1m	S\$1,290.1m
Earnings before interest, taxes, depreciation and amortisation (“ EBITDA ”) ²	S\$335.7m	S\$193.5m ^{3,4}
Earnings before interest and taxes (“ EBIT ”) ²	S\$132.8m	S\$76.8m ^{3,4,5}
Profit after tax and minority interests (“ PATMI ”)	S\$104.7m	S\$53.5m ^{3,4,5,6}

Notes

- 1 Calculated as the summation of the last four unaudited quarterly financial statements of the Company, up to the quarter ended 30 June 2016
- 2 EBITDA and EBIT exclude share of results of associates and joint ventures
- 3 Includes the estimated licence charge payable under the NRFF for the period (S\$123.2m)

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- 4 Includes removal of a net property tax refund of S\$19.0m, relating to prior years' over assessment
- 5 Includes the reduction in depreciation of property, plant and equipment and amortisation of asset-related grants as a result of the sale of certain operating assets (S\$86.2m)
- 6 Includes the reduction in tax expense resulting from the above adjustments as well as removal of adjustment for overprovision of tax expense in respect of prior years (S\$4.8m)

We note the NRFF transaction is expected to change the financial profile of the Company going forward as outlined above. Therefore, in addition to the reported financial statements of the Company, for the purpose of any analysis which refers to the trailing twelve months EBITDA, EBIT and PATMI of the Company, we have also considered the Pro Forma LTM Financials as described above in our analysis, as well as adjusted the cash position of the Company to reflect the proceeds, net of tax payable on the difference between the sale proceeds and the residual capital allowances relating to the operating assets, expected to be received from the Proposed Sale.

We note that given the material nature of adjustment to the numbers between the pro-forma and historical last twelve months reported results, and in addition, the Company has represented to us that the pro-forma numbers represent a more accurate reflection of the expected future financial profile of the Company, we have considered both parameters in our analysis.

We note in Table D of the Joint Announcement the Company disclosed certain financial figures that presented an illustrative range of the Company's FY2016 PATMI under the NRFF. The Company has represented to us that there are certain differences in assumptions used in preparing these financial figures and the Pro Forma LTM Financials. In particular, the Company has represented to us that these financial figures assume that a portion of the Company's debt has been repaid prior to the start of FY2016, resulting in a reduction in interest expense, whereas the Pro Forma LTM Financials assume no change to the Company's reported interest expense for the period.

Information on the Proposed Sale and NRFF is set out in the NRFF Announcement and the circular issued by the Company in relation to the Proposed Sale dated 1 August 2016.

3. TERMS OF REFERENCE

In the course of our evaluation of the Scheme, from a financial point of view, we have undertaken the following (which for the avoidance of doubt shall not be regarded as an exhaustive list):

- (i) Reviewed certain publicly available financial statements and other publicly available business and financial information relating to the Company, as well as certain public information provided, and representations made, to us by the Directors, senior executives, professional advisers and other authorised representatives of the Company;
- (ii) Discussed the past and current operations and financial condition of the Company and its subsidiaries with senior executives of the Company;
- (iii) Reviewed the reported prices, trading multiples and trading activity for the Shares;

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- (iv) Compared the prices and trading multiples with those of certain other comparable publicly-traded companies and their securities we deemed relevant;
- (v) Reviewed the financial terms, to the extent publicly available, of certain comparable transactions;
- (vi) Compared the premia implied by the Scheme Price to the premia/discounts on selected take-overs in Singapore at different times prior to their respective announcement dates;
- (vii) Reviewed broker research price targets for the Shares prior to the Joint Announcement Date and as of the Latest Practicable Date;
- (viii) Participated in discussions with representatives of the Company and its professional advisers with respect to the Scheme;
- (ix) Reviewed the Joint Announcement and Scheme Document; and
- (x) Performed such other financial analyses, reviewed such other information and considered such other matters as we deemed appropriate.

For the purposes of this letter, we have relied upon and assumed, *inter alia*, the accuracy and completeness of all information that was publicly available or was furnished to or discussed with us by the Company and/or its professional advisers, or otherwise reviewed by or for us (including but not limited to the Ancillary Financial Information, and we have not independently verified (nor have we assumed responsibility or liability for independently verifying) any such information or its accuracy or completeness or adequacy. We do not represent or warrant, expressly or impliedly, and do not accept or assume any responsibility for, the accuracy, completeness or adequacy of such information. We have not conducted any independent valuation or appraisal of any assets or liabilities of the Company, the Offeror, their respective subsidiaries, their respective associated companies, or any other relevant party to the Scheme, nor have we evaluated the solvency of the Company, the Offeror, their respective subsidiaries, their respective associated companies, or any other relevant party to the Scheme under any applicable laws relating to bankruptcy, insolvency or similar matters.

We are not legal, regulatory or tax experts. We are the independent financial advisers only and have relied on, without independent verification, the assessments made by professional advisers to the Company with respect to such issues. In addition, we have assumed that the Scheme will be consummated in accordance with the terms set forth in the Scheme Document without any waiver, amendment or delay of any terms or conditions or the performance thereof and that no conditions or restrictions will be imposed (whether by law, contractually or otherwise) that would have a material adverse effect on the contemplated benefits expected to be derived from the Scheme. We have further assumed, *inter alia*, that all material governmental, regulatory or other consents and approvals necessary for the consummation of the Scheme will be obtained and that no delays, limitations, conditions or restrictions will be imposed that would have any material adverse effect on the Company or on the contemplated benefits of the Scheme.

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This letter is based on economic, market and other conditions as in effect on, and the information made available to us as of 24 August 2016 ("**Latest Practicable Date**"). It should be understood that subsequent developments after the Latest Practicable Date may affect the contents of this letter and that we do not have any obligation to update, revise, or reaffirm the contents of this letter. Our opinion is limited to the fairness, from a financial point of view, of the Scheme Price and we express no opinion as to the fairness of the Scheme Price to, or any consideration received in connection therewith by, the holders of any other class of securities, creditors or other constituencies of the Company or as to the underlying decision by the Company to engage in the Scheme. Furthermore, we express no opinion with respect to the amount or nature of any compensation to any officers, directors, or employees of any party to the Scheme, or any class of such persons relative to the Scheme Price to be received by the Scheme Shareholders in the Scheme or with respect to the fairness of any such compensation. In addition, we were not requested to and did not provide advice concerning the structure, the specific amount of the Scheme Price or any other aspects of the Scheme, or to provide services other than the delivery of this letter. We have not been requested to and were not authorised to and did not solicit any expressions of interest from any other parties with respect to the Scheme Shares or the sale of all or any part of the Company or any other alternative transaction. We do not evaluate and/or comment on the strategic or commercial merits and/or risks of the Scheme or on the prospects of the Company. However, we may draw upon the views of the Directors and/or the management of the Company (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this letter. We do not address the relative merits and/or risks of the Scheme as compared to any other alternative transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. We also note that we did not participate in negotiations with respect to the terms of the Scheme and related transactions.

We have held discussions with the Directors and the management of the Company. The Directors have confirmed to us after making all reasonable enquiries that, to the best of their knowledge and belief, all material facts about the Company, the Scheme and the Scheme Document have been disclosed to us by the Directors, the management of the Company and/or its professional advisers, and that such information is fair and accurate and that there are no facts the omission of which may cause any information given to us to be misleading. The Directors have collectively and individually accepted full responsibility for the accuracy of such information. We have relied upon such confirmation by the Directors and the accuracy of all information given to us by the Directors, the management of the Company and/or its professional advisers, and have not independently verified such information, whether written or verbal, and accordingly cannot and do not represent or warrant, expressly or impliedly, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information.

We have relied upon the assurance that the Directors have after making all reasonable enquiries confirmed that, to the best of their knowledge and belief, the Scheme Document constitutes full and true disclosure of all material facts about the Acquisition, the Scheme and the Group, and the Directors are not aware of any facts, the omission of which would make any statement in the Scheme Document misleading. Where any information has been extracted or reproduced from published or otherwise publicly available sources (including, without limitation, the Joint Announcement and the Scheme Document), our sole responsibility has been to ensure, through reasonable enquiries, that such information is accurately extracted from such sources or, as the case may have been, accurately reflected

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or reproduced in this letter. For the purposes of providing this letter and our evaluation of the Scheme Price from a financial point of view, we have received certain financial projections and forecasts (including but not limited to the Ancillary Financial Information) from the Company and/or its professional advisers. We are not required to express, and we do not express, an opinion on the future growth prospects and earnings potential of the Company or any part or division of any of the foregoing. We are therefore not expressing any opinion herein as to the price at which the Shares may trade if the Scheme does not become effective or on the future financial performance of the Company or any part or division of any of the foregoing.

In rendering our opinion, we are not providing any investment advice and we have not had regard to any general or specific investment objectives, financial situations, risk profiles, tax status or positions or particular needs or constraints of any specific Scheme Shareholder, and do not assume any responsibility for, nor hold ourselves out as advisers to, any person other than the Independent Directors. As different Scheme Shareholders would have different investment profiles and objectives, the Independent Directors may wish to advise any Scheme Shareholder who may require specific advice in relation to his investment portfolio to consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

We have not made any independent evaluation or appraisal of the assets and liabilities of the Group or of any of its associated or joint venture companies. We have not been furnished with any such evaluation or appraisal.

We have no role or involvement and have not and will not provide any advice (financial or otherwise) whatsoever in the preparation, review and verification of the Scheme Document (other than this letter and our reports on the Statements of Prospects and the 1Q FY2017 Results Announcement (as set out in Appendix 6 and Appendix 9 of the Scheme Document)). Accordingly, we take no responsibility for and express no views, whether express or implied, on the contents of the Scheme Document (except for this letter, and our reports set out in Appendix 6 and Appendix 9 of the Scheme Document).

We will receive a fee from the Company for the delivery of this letter. In addition, the Company has agreed to indemnify us for certain liabilities arising out of our engagement. In the ordinary course of its business, Rothschild and its affiliates may also seek to provide services to the Company and the Offeror in the future and expect to receive fees for rendering such services.

The issuance of this letter has been approved by a committee of Rothschild in accordance with our customary practice. This letter is provided to the Independent Directors solely for their information only. This letter is addressed strictly to the Independent Directors and not to any third party including, without limitation, Scheme Shareholders, employees or creditors of the Company. Whilst a copy of this letter and parts thereof may be reproduced in the Scheme Document, no person may use, reproduce, disseminate, refer to, or quote this letter (or any part thereof) for any purpose whatsoever except with our prior written approval.

Our opinion in relation to the Scheme Price should be considered in the context of the entirety of this letter.

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4. TERMS AND CONDITIONS OF THE SCHEME

The Scheme Document, amongst other things, sets out the terms and conditions of the Scheme. The principal terms of the Scheme, as extracted from the Scheme Document, are set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those in the Scheme Document, unless otherwise stated. **Scheme Shareholders are advised to read the entire Scheme Document including relevant sections, as extracted below, carefully.**

Relevant sections extracted from the Letter to Shareholders (Pages 16 to 30 of the Scheme Document):

“3. THE ACQUISITION AND THE SCHEME

3.1 Terms of the Scheme

The Acquisition will be effected by way of a scheme of arrangement pursuant to Section 210 of the Companies Act and in accordance with the Code and the terms and conditions of the Implementation Agreement.

Under the Scheme:

- (a) upon the Scheme becoming effective and binding in accordance with its terms, all the Scheme Shares held by the Entitled Scheme Shareholders will be transferred to the Offeror fully paid, free from all Encumbrances and together with all rights, benefits and entitlements as at the Joint Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (“**Distributions**”) (if any) declared, made or paid by the Company on or after the Joint Announcement Date but excluding the right to receive and retain the FY2016 Final Dividend. The Offeror will not be reducing the Scheme Price by the amount of the FY2016 Final Dividend;*
- (b) in consideration for such transfer to the Offeror, each Entitled Scheme Shareholder will be entitled to receive the Scheme Price of S\$1.68 in cash for each Scheme Share held by such Entitled Scheme Shareholder; and*
- (c) the Scheme will also be extended to all Scheme Shares unconditionally issued on or prior to the Books Closure Date pursuant to the valid vesting of any Awards.*

3.2 Termination of the Implementation Agreement

In the event of termination of the Implementation Agreement by either the Company or the Offeror pursuant to the terms of the Implementation Agreement, the Implementation Agreement shall terminate (except for certain surviving provisions such as those relating to confidentiality, costs and expenses and governing law) and there shall be no other liability on the part of either the Company or the Offeror. Any termination of the Implementation Agreement shall be without prejudice to any rights which the Company or the Offeror may have against the other party for any breach by that other party prior to the termination of the Implementation Agreement.

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4. NO CASH OUTLAY

Scheme Shareholders should note that no cash outlay (including any stamp duties or brokerage expenses) will be required from Entitled Scheme Shareholders under the Scheme.

5. APPROVALS REQUIRED

5.1 Scheme Meeting and Court Sanction

The Scheme will require, inter alia, the following approvals:

- (a) approval-in-principle from the SGX-ST for the proposed delisting of the Company after the Scheme becomes effective and binding in accordance with its terms;*
- (b) approval of the Scheme by a majority in number of Scheme Shareholders present and voting, either in person or by proxy, at the Scheme Meeting, such majority representing not less than three-fourths in value of the Scheme Shares voted at the Scheme Meeting; and*
- (c) sanction of the Scheme by the Court.*

In addition, the Scheme will only become effective and binding if all the Scheme Conditions have been satisfied (or, where applicable, waived) in accordance with the Implementation Agreement and the Court Order has been lodged with ACRA.

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6. TEMASEK NOT ELIGIBLE TO VOTE

In accordance with the SIC's rulings as set out in paragraph 5.2(a)(ii) above, the Offeror Concert Party Group will abstain from voting on the Scheme in respect of their Scheme Shares. As the Shares held by Temasek are not Scheme Shares, Temasek will in any case not be eligible to vote on the Scheme.

7. DELISTING

- 7.1 *Upon the Scheme becoming effective and binding in accordance with its terms, the Offeror will hold 100% of the Scheme Shares, comprising approximately 45.99% of the Shares, and Temasek will hold (directly and indirectly) 100% of the Shares. Accordingly, the Company will become a wholly-owned subsidiary of Temasek.*

An application was made to seek approval-in-principle from the SGX-ST for the proposed delisting of the Company from the Official List of the SGX-ST upon the Scheme becoming effective and binding in accordance with its terms. The SGX-ST has, on 24 August 2016, advised that it has no objection to the Company's application for delisting from the Official List of the SGX-ST, subject to:

- (a) compliance with the SGX-ST's listing requirements;*

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- (b) *approval of the Scheme by a majority in number of Scheme Shareholders present and voting, either in person or by proxy, at the Scheme Meeting, such majority representing not less than three-fourths in value of the Scheme Shares voted at the Scheme Meeting; and*
- (c) *the Court's approval being obtained for the Scheme.*

The above decision of the SGX-ST is not to be taken as an indication of the merits of the Scheme, the delisting of the Company from the Official List of the SGX-ST, the Company, its subsidiaries and/or their securities.

SCHEME SHAREHOLDERS SHOULD NOTE THAT THE SHARES WILL BE DELISTED FROM THE OFFICIAL LIST OF THE SGX-ST IF THE SCHEME BECOMES EFFECTIVE AND BINDING IN ACCORDANCE WITH ITS TERMS."

Relevant sections extracted from the Explanatory Statement (Pages 31 to 47 of the Scheme Document):

"5. SCHEME MEETING

5.1 Scheme Meeting

The Scheme, which is proposed pursuant to Section 210 of the Companies Act, is required to be approved by Scheme Shareholders at the Scheme Meeting. By an order of the Court, the Scheme Meeting was directed to be convened for the purpose of approving the Scheme.

By proposing that the Acquisition be implemented by way of a scheme of arrangement under Section 210 of the Companies Act, the Company is providing Scheme Shareholders with the opportunity to decide at the Scheme Meeting whether they consider the Scheme to be in their best interests.

The Scheme must be approved by a majority in number of Scheme Shareholders present and voting, either in person or by proxy, at the Scheme Meeting, such majority representing not less than three-fourths in value of the Scheme Shares voted at the Scheme Meeting.

When the Scheme becomes effective, it will be binding on all Scheme Shareholders, whether or not they were present in person or by proxy or voted at the Scheme Meeting.

5.2 Notice

The Notice of the Scheme Meeting is set out in Appendix 15 to this Scheme Document. You are requested to take note of the date, time and place of the Scheme Meeting.

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6. CONDITIONS OF THE SCHEME

6.1 Scheme Conditions

- (a) *Scheme Conditions: The Scheme is conditional upon the satisfaction (or, where applicable, waiver) of all the Scheme Conditions by the Long-Stop Date.*

A list of the Scheme Conditions is set out in Appendix 10 to this Scheme Document.

- (b) *Update on Status of Scheme Conditions: Set out below is an update on the status of the Scheme Conditions:*

- (i) *the SIC has confirmed on 20 July 2016, inter alia, that:*

- (A) *the Scheme is exempted from complying with Rules 14, 15, 16, 17, 20.1, 21, 22, 28, 29 and 33.2 and Note 1(b) on Rule 19 of the Code, subject to certain conditions; and*

- (B) *it has no objections to the Scheme Conditions.*

Please refer to paragraph 7.1 below for further details;

- (ii) *the SGX-ST has on 24 August 2016 advised that it has no objection to the Company's application to delist from the Official List of the SGX-ST. Please refer to paragraph 8 below for further details; and*

- (iii) *other than as set out in this paragraph 6.1(b), none of the other Scheme Conditions have, as at the Latest Practicable Date, been satisfied or waived.*

- (c) *Remaining Scheme Conditions: Accordingly, as at the Latest Practicable Date, the Scheme remains conditional upon the satisfaction (or, where applicable, waiver) of the remaining Scheme Conditions as set out in Appendix 10 to this Scheme Document on or before the Long-Stop Date.*

6.2 Non-fulfilment of Scheme Conditions

The Scheme will only become effective and binding if all the Scheme Conditions have been satisfied (or, where applicable, waived) on or before the Long-Stop Date."

5. INFORMATION ON THE OFFEROR

As stated in the Offeror's Letter as set out in Appendix 2 of the Scheme Document, the Offeror is an investment holding company incorporated in Singapore on 9 June 2016. The Offeror is a wholly-owned subsidiary of Temasek. As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of S\$2.00 comprising two (2) ordinary shares. The Offeror has not carried on any business since its incorporation, except to enter into certain arrangements in connection with the Acquisition and the Scheme.

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Information on the Offeror, as well as the Offeror's rationale for the Acquisition and future plans for the Group, are set out in the Offeror's Letter as set out in Appendix 2 of the Scheme Document.

6. INFORMATION ON THE COMPANY

Information on the Company is set out in Appendix 3 of the Scheme Document.

7. FINANCIAL EVALUATION OF THE SCHEME

We have confined our evaluation to the financial terms of the Scheme. In evaluating the Scheme, from a financial point of view for the Scheme Shares, we have performed the following analyses based upon the Ancillary Financial Information and publicly available information, as well as clarifications provided to us by the Company and/or its professional advisers on such information as at the Latest Practicable Date and based on market, economic, industry, monetary and other conditions in effect as at the Latest Practicable Date:

- **Liquidity and broker research coverage analysis** to evaluate whether the historical Share prices of the Company provide a meaningful reference point for comparison against the Scheme Price;
- **Historical Share price performance analysis** to evaluate how the Scheme Price compares to the historical Share prices of the Company over different observation periods;
- **Historical trading performance analysis** to evaluate how the valuation multiples implied by the Scheme Price compare to the Company's historical trading multiples;
- **Trading comparable analysis** to evaluate how the valuation multiples implied by the Scheme Price compare to trading multiples of listed comparable companies;
- **Precedent transaction analysis** to evaluate how the valuation multiples implied by the Scheme Price compare to multiples of selected transactions in an industry similar to that of the Company on a global basis;
- **Precedent take-overs analysis** to evaluate how the premia implied by the Scheme Price compare to the premia/discounts on selected take-overs in Singapore at different times prior to their respective announcement dates; and
- **Broker research price targets for the Shares** to evaluate how the Scheme Price compares to broker research price targets for the Company in reports issued prior to the Joint Announcement Date and as of the Latest Practicable Date.

The figures and underlying financial data used in our analyses in this letter, including share prices, trading volumes, free float data and broker research, have been extracted from, *inter alia*, Bloomberg, FactSet, Mergermarket, SGX-ST and other public filings and documents as at the Latest Practicable Date. Rothschild has not independently verified (nor assumed responsibility or liability for independently verifying) or ascertained and makes no representations or warranties, express or implied, as to the accuracy, completeness or adequacy of such information.

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We note that the accounting principles used by the respective comparable companies may be different. Such differences may therefore render any comparisons carried out less useful than if the same accounting principles were being used. In addition, we note that the comparable companies are not identical to the Company in terms of, *inter alia*, location, business mix, scale, geographical spread and track record. Any conclusions drawn from any comparisons made may therefore not necessarily reflect the possible market valuation of the Company.

8. VALUATION RATIOS

We have applied the following valuation ratios in our analysis of the Scheme Price:

Valuation Ratio	General Description
EV/EBITDA	“EV” or “enterprise value” is the sum of the company’s market capitalisation, preferred equity, minority interests, short and long term debt and pension deficit (if applicable), less its cash and cash equivalents (excluding restricted cash), and interest in associates and joint ventures and other investments. “EBITDA” stands for historical earnings before interest, tax, depreciation and amortisation expenses, excluding share of associates’ and joint ventures’ income and exceptional items. The “EV/EBITDA” ratio illustrates the market value of a company’s business relative to its historical pre-tax operating cash flow performance, without regard to the company’s capital structure
EV/EBIT	“EV” or “enterprise value” is the sum of the company’s market capitalisation, preferred equity, minority interests, short and long term debt and pension deficit (if applicable) less its cash and cash equivalents (excluding restricted cash) and interest in associates and joint ventures and other investments. “EBIT” stands for historical earnings before interest and tax, excluding share of associates’ and joint ventures’ income and exceptional items. The “EV/EBIT” ratio illustrates the market value of a company’s business relative to its historical pre-tax operating profits, without regard to the company’s capital structure
P/E	The “P/E” or “price-to-earnings” ratio illustrates the market price of a company’s shares relative to its earnings per share adjusted for the after-tax impact of exceptional items. The P/E ratio is affected by, <i>inter alia</i>, the capital structure of a company, its tax position as well as its accounting policies relating to sales recognition, depreciation and intangible assets
P/NTA	“NTA” or “net tangible assets” is the company’s total assets less total liabilities and intangible assets. The P/NTA ratio illustrates the ratio of the market price of a company’s shares relative to its historical NTA per share as recorded in its latest reported financial statements. Comparison of companies using their NTA are affected by differences in their respective accounting policies, in particular their depreciation and asset valuation policies, and amount of intangible assets, which are excluded from the calculation of NTA

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In applying the above ratios, we have considered whether the multiples of the Company, implied by the Scheme Price, lie above, within or below the mean and median, and the minimum and maximum of the range implied by the relevant ratios considered set out in Sections 9.3, 9.4 and 9.5. We consider each of the ratios equally and do not view any particular ratio as more instructive than others.

9. EVALUATION OF THE SCHEME

9.1 Liquidity and Broker Research Coverage Analysis

To evaluate whether the historical market prices of the Shares provide a meaningful reference point for comparison against the Scheme Price and in evaluating the Scheme Price relative to the historical market prices of the Shares, we have considered the liquidity, free float and extent of research coverage of the Company relative to companies that make up the top 25 companies traded on the SGX-ST in Singapore based on market capitalisation as at the Latest Practicable Date (“**Top 25 Largest SGX Companies**”).

Chart 1. Liquidity Analysis and Broker Research Coverage ¹						
		Undiluted		Avg. daily vol/	Avg. daily value/	Approx. #
		Market cap ²	Free float ³	free float ⁴	market cap ⁵	brokers covering
Rank	Company	(S\$m)	(%)	(%)	(%)	company ⁶
1	Singapore Telecommunications Ltd	67,600	43.2%	0.33%	0.13%	18
2	DBS Group Holdings Ltd	38,024	69.1%	0.36%	0.25%	20
3	Oversea-Chinese Banking Corp Ltd	35,517	72.9%	0.21%	0.15%	20
4	United Overseas Bank Ltd. (Singapore)	28,648	77.3%	0.24%	0.19%	21
5	Jardine Strategic Holdings Ltd	25,924	16.6%	0.28%	0.04%	6
6	Jardine Matheson Holdings Ltd	25,306	29.9%	0.49%	0.13%	7
7	Thai Beverage Public Co., Ltd	24,859	32.7%	0.17%	0.05%	8
8	Hongkong Land Holdings Ltd	20,447	49.8%	0.27%	0.14%	10
9	Wilmar International Ltd	19,529	24.6%	0.55%	0.13%	16
10	Jardine Cycle & Carriage Ltd	17,039	23.8%	0.42%	0.08%	5
11	Dairy Farm International Holdings Ltd	13,419	22.2%	0.13%	0.02%	6
12	CapitaLand Ltd	13,339	59.3%	0.46%	0.27%	17
13	Singapore Airlines Ltd	12,487	43.7%	0.31%	0.14%	16
14	Singapore Technologies Engineering Ltd	10,204	48.1%	0.23%	0.10%	10
15	Great Eastern Holdings Ltd	9,817	8.9%	0.07%	0.01%	2
16	Keppel Corporation Ltd	9,780	78.5%	0.43%	0.36%	17
17	Global Logistic Properties Ltd	9,108	60.0%	0.66%	0.40%	12
18	Genting Singapore Plc	9,061	46.6%	0.35%	0.16%	17
19	Singapore Exchange Ltd	8,238	71.2%	0.28%	0.20%	15
20	City Developments Ltd	7,956	49.3%	0.43%	0.19%	18
21	CapitaLand Mall Trust	7,684	66.4%	0.38%	0.24%	18
22	Ascendas Real Estate Investment Trust	6,584	99.9%	0.39%	0.37%	19
23	StarHub Ltd	6,469	33.2%	0.41%	0.13%	18
24	Singapore Press Holdings Ltd	6,164	94.3%	0.26%	0.25%	10
25	Comfortdelgro Corporation Ltd	6,064	98.8%	0.29%	0.29%	12
Mean ⁷		17,571	52.8%	0.34%	0.18%	14
Median ⁷		12,487	49.3%	0.33%	0.15%	16
Maximum ⁷		67,600	99.9%	0.66%	0.40%	21
Minimum ⁷		6,064	8.9%	0.07%	0.01%	2
54	SMRT	2,503	46.0%	0.37%	0.16%	13

Source: FactSet and Bloomberg as at the Latest Practicable Date

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- 1 All figures are as at the Latest Practicable Date
- 2 Market capitalisation on a non-diluted basis. SMRT's market capitalisation is calculated by taking the share price as at the Latest Practicable Date and multiplying by the Company's basic number of Shares issued and outstanding of 1,526,516,090 as at Joint Announcement Date as stated in the Joint Announcement
- 3 Free float percentages are based on FactSet estimates for all companies other than SMRT. SMRT's free float percentage is calculated based on the Company's basic number of Shares issued and outstanding, after excluding the 824,400,030 shares directly owned by Temasek as stated in the Joint Announcement
- 4 Average daily trading volume for the last 12 months prior to the Latest Practicable Date
- 5 Average daily trading value for the last 12 months prior to the Latest Practicable Date
- 6 Latest analyst coverage based on Bloomberg and FactSet data
- 7 Mean, median, maximum and minimum values based on the Top 25 Largest SGX Companies

With respect to Chart 1, we note that in the 12-month period leading up to the Latest Practicable Date, the Company's average daily trading volume represented 0.37 per cent. of the Company's free float and the Company's average daily trading value represented 0.16 per cent. of the Company's market capitalisation. These values are within the ranges of the Top 25 Largest SGX Companies (between 0.07 per cent. and 0.66 per cent., and between 0.01 per cent. and 0.40 per cent., respectively) for the same 12-month period leading up to the Latest Practicable Date, and above the mean and median daily trading volume to free float of 0.34 per cent. and 0.33 per cent. respectively and in line with the mean and median daily trading value to market capitalisation of 0.18 per cent. and 0.15 per cent., respectively, of the Top 25 Largest SGX Companies for the same 12-month period leading up to the Latest Practicable Date.

We also note that based on Bloomberg and FactSet data, 13 brokerage houses provide research coverage on the Company. This is within the range of the number of brokerage houses providing research coverage on the Top 25 Largest SGX Companies according to Bloomberg, from 2 to 21.

We have also considered the historical trading volume and trading value of the Shares for the 1-week, 1-month, 3-month, 6-month and 12-month periods leading up to the Latest Practicable Date, as well as the period from the Joint Announcement Date to the Latest Practicable Date, as set out in Chart 2.

Chart 2. Historical Trading Volume					
Calendar period up to the Latest Practicable Date ¹	VWAP ² (S\$)	Total Volume Traded (m)	Avg. Daily Trading Value (S\$m)	Avg. Daily Trading Volume (m)	Avg. Daily Trading Volume/Free Float (%)
12-month	1.51	647.0	3.9	2.6	0.37%
6-month	1.59	307.7	4.0	2.5	0.36%
3-month	1.62	187.6	5.0	3.1	0.44%
1-month	1.63	100.6	7.5	4.6	0.65%
1-week	1.64	17.0	4.6	2.8	0.40%
From Joint Ann. Date to the Latest Pract. Date	1.64	151.5	10.4	6.3	0.90%

Source: FactSet as of the Latest Practicable Date

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- 1 Periods analysed are as follows – 12 months up to the Latest Practicable Date: 25 August 2015 to 24 August 2016, 6 months up to the Latest Practicable Date: 25 February 2016 to 24 August 2016, 3 months up to the Latest Practicable Date: 25 May 2016 to 24 August 2016, 1 month up to the Latest Practicable Date: 25 July 2016 to 24 August 2016 and 1 week up to the Latest Practicable Date: 17 July 2016 to 24 August 2016. Only trading days have been included in the analysis
- 2 VWAP calculated as the average daily trading value/average daily trading volume for the relevant period

For the 12-month period ended on the Latest Practicable Date, the average daily trading volume has been 2.6 million Shares and the average daily trading value has been approximately S\$3.9m. We note that announcements related to the Scheme may have had an impact on the trading volume of the Shares during this period.

In addition, we note that for the 1-month period ended on the Latest Practicable Date, the average daily trading volume and trading value increased significantly to 4.6 million Shares and S\$7.5m respectively. This compares with the 3-month average daily trading volume and value of 3.1 million Shares and S\$5.0m respectively.

Our analysis of the historical trading volume of the Shares, and the average daily trading volume and value of the Shares relative to the Top 25 Largest SGX Companies suggests there is reasonable liquidity in the Shares.

9.2 The Company's Historical Share Price Performance Analysis

In evaluating the fairness of the Scheme Price from a market price perspective, we have compared the Scheme Price to the historical and current share price performance of the Shares over different observation periods.

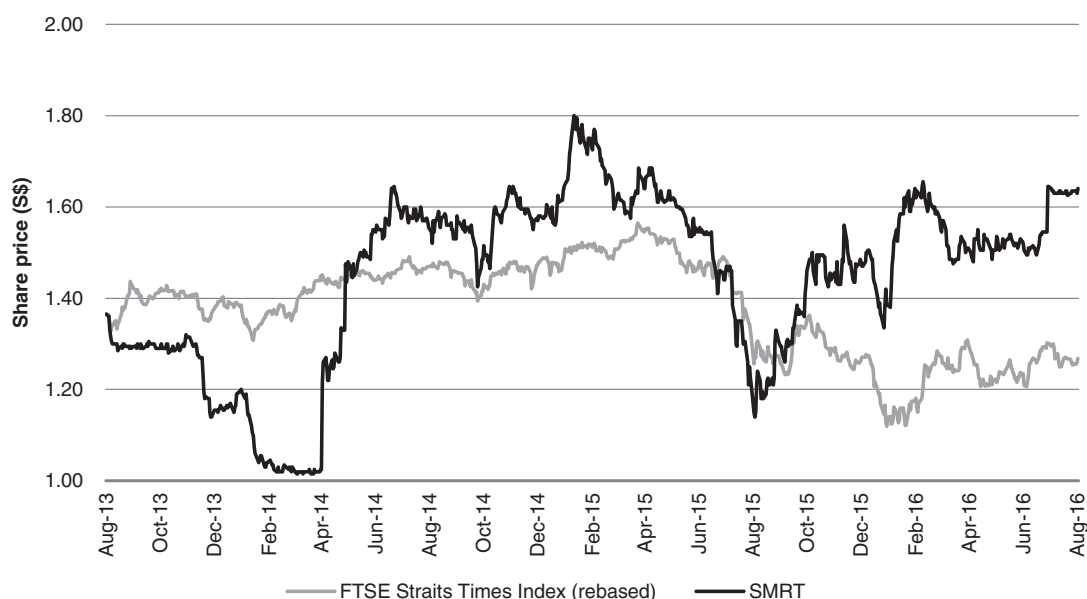
We set out in Chart 3 the daily closing prices of the Shares compared to the performance of the Straits Times Index ("**STI**") or the "**Benchmark Index**") for the three year period up to the Latest Practicable Date.

We note that the closing prices of the Shares have traded between S\$1.02 and S\$1.80 in the 3-year period up to the Latest Practicable Date.

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Chart 3. Share Price Performance Relative to the Benchmark Index



Source: Company Filings on the SGX-ST and FactSet as of the Latest Practicable Date

Significant Events

- A. **02 Aug 2013:** SMRT announced that its wholly-owned subsidiary, SMRT International Pte. Ltd. ("**SMRTI**") had entered into an agreement to subscribe for shares comprising 40% of the enlarged share capital of Ortus Infrastructure Capital Pte. Ltd. ("**OICPL**"), an investment holding company incorporated in the British Virgin Islands. SMRT also announced certain call and put options had been granted in relation to OICPL
- B. **27 Sep 2013:** SMRT referred to the announcement by credit agency, Standard & Poors Rating Services, ("**S&P**") affirming S&P's AAA credit rating on SMRT
- C. **8 Jan 2014:** SMRT announced the resignation of its Executive Vice President and Chief Financial Officer, Catherine Lee Kia Yee, to pursue other career opportunities. SMRT announced the appointment of Sam Ong Eng Keang as Executive Vice President and Chief Financial Officer of SMRT with effect from 1 March 2014
- D. **25 Mar 2014:** SMRT announced the signing of a memorandum with Huawei Enterprise Business Group to jointly develop and market products and solutions in the international market
- E. **9 Apr 2014:** SMRT referred to the announcement by credit agency, S&P, affirming S&P's AAA credit rating on SMRT
- F. **22 Apr 2014:** SMRT announced appointment of Mario Favait as Senior Vice President of SMRT Engineering Pte. Ltd with effect from 23 April 2014

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- G. **24 Apr 2014:** SMRT referred to the queries from SGX-ST regarding unusual price movements in the Company's shares. The Company responded that it was not aware of any information not previously announced or other possible explanations for the trading

- H. **16 May 2014:** SMRT announced that its wholly-owned subsidiary, SMRT Capital Pte. Ltd., had increased the maximum aggregate principal amount of notes that may be issued under the Multicurrency Medium Term Note Programme from S\$1.0bn to S\$1.3bn

- I. **28 May 2014:** SMRT referred to the announcement by the LTA regarding the restructuring of the public bus industry to a Government contracting model starting from the second half of 2014

- J. **04 Jun 2014:** SMRT announced that its wholly-owned subsidiary, SMRT Capital Pte. Ltd., had issued S\$100m of 3.072% Fixed Rate Notes Due 2024 under the Multicurrency Medium Term Note Programme

- K. **30 Jun 2014:** SMRT announced the incorporation of Singapore Rail Engineering Pte. Ltd., a wholly-owned subsidiary involved in infrastructure engineering services

- L. **20 Aug 2014:** SMRT provided an update regarding the Jakarta monorail project following a progress meeting in Jakarta

- M. **01 Oct 2014:** SMRT announced the incorporation of a joint venture company, Railise Pte. Ltd. ("**Railise**"), with Toshiba Corporation through its wholly-owned subsidiary, Singapore Rail Engineering Pte. Ltd. Railise is involved in the marketing and supply of energy efficient propulsion systems to mass transit operators in global markets (excluding Japan)

- N. **9 Oct 2014:** SMRT announced the proposed issuance of S\$200m of 1.388% Fixed Rate Notes Due 2017 under SMRT Capital Pte. Ltd.'s Multicurrency Medium Term Note Programme

- O. **15 Oct 2014:** SMRT announced the acquisition and subscription of shares by its wholly-owned subsidiary, SMRT Road Holdings Ltd. in Hailo Singapore Pte. Ltd., a joint venture company with Hailo Network Holdings Limited

- P. **16 Oct 2014:** SMRT announced the issuance of S\$200m of 1.388% Fixed Rate Notes Due 2017 under SMRT Capital Pte. Ltd.'s Multicurrency Medium Term Note Programme

- Q. **29 Oct 2014:** SMRT announced the introduction of services by Hailo in Singapore, following its earlier joint venture announcement

- R. **4 Nov 2014:** SMRT announced the resignation of its Group Chief Financial Officer, Mr Ong Eng Keang, to pursue philanthropic interests and business prospects, with effect from 9 November 2014

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- S. **27 Nov 2014:** SMRT announced the appointment of Mr Seah Kok Khong, Manfred as Group Chief Financial Officer

- T. **9 Apr 2015:** SMRT announced that its wholly-owned subsidiary, Singapore Rail Engineering Pte. Ltd, has entered into a joint-venture agreement with Faiveley Transport SA to market and supply maintenance, repair and overhaul services for specific rolling stock components in Southeast Asia excluding Thailand

- U. **15 Apr 2015:** SMRT announced the signing of an agreement with OMGTEL Pte. Ltd. (“**OMG**”) to work exclusively with OMG in connection with OMG’s bid for the 4th wireless telecommunications carrier licence in Singapore. SMRT also announced it had been offered an opportunity to invest up to S\$34.5m via an option to subscribe for shares in OMG

- V. **4 Jun 2015:** SMRT announced the incorporation of a joint venture company, Faiveley Rail Engineering Singapore Pte. Ltd., with Faiveley Transport SA through its wholly-owned subsidiary, Singapore Rail Engineering Pte. Ltd., to market and supply maintenance, repair and overhaul services for specific rolling stock components in Southeast Asia excluding Thailand

- W. **5 Jun 2015:** SMRT announced its decision not to proceed to exercise the option granted to the Company to subscribe for shares in OMG

- X. **30 Jun 2015:** SMRT announced the increase in share capital of its indirectly wholly-owned subsidiary, SMRT Buses Ltd. from approximately S\$5.3m to approximately S\$55.3m

- Y. **17 Sep 2015:** SMRT referred to the queries from SGX-ST regarding unusual price movements in the Company’s share. The Company responded that it was not aware of any information not previously announced or other possible explanations for the trading

- Z. **18 Sep 2015:** SMRT announced the appointment of Mr Lim Fung Wan, Colin as Managing Director of SMRT Services Pte. Ltd.

- AA. **18 Sep 2015:** SMRT announced the incorporation of two wholly-owned subsidiaries in Singapore, SMRT Advertising & Properties Pte. Ltd. involved in advertising activities and real estate activities with owned or leased property within the public transport network and The X Collective Pte. Ltd. which is involved in marketing and leasing of commercial spaces, retail management and operations, advertising and marketing, and digital and e-commerce

- BB. **4 Dec 2015:** SMRT referred to the queries from SGX-ST regarding unusual price movements in the Company’s share. The Company responded that it was not aware of any information not previously announced that might explain the activities. The Company noted that it is in continuing discussions with the authorities on the transition to a new rail financing framework. Furthermore, the Company referred to certain media reports relating to the inaugural Joint Forum on Infrastructure Maintenance on 4 December 2015

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- CC. **26 Feb 2016:** SMRT announced LTA's issuance of a purchase notice to acquire 175 buses from SMRT Buses under the Bus Service Enhancement Programme for an estimated consideration of approximately S\$66.3m
- DD. **18 Mar 2016:** SMRT announced the incorporation of a wholly-owned subsidiary, Strides Transportation Pte. Ltd. involved in limousine and chauffeured services and car rental
- EE. **20 Apr 2016:** SMRT announced that SMRT Services Pte. Ltd., its wholly-owned subsidiary, has agreed with 2 Getthere Holding B.V. the key principles and terms of a joint venture to market, supply and operate Automated Vehicle Systems in Asia-Pacific and that pursuant to the agreement, a joint venture company, 2getthere Asia Pte. Ltd. had been incorporated
- FF. **19 May 2016:** SMRT announced the appointment of Mr Tan Kian Heong as Managing Director, SMRT Buses
- GG. **19 May 2016:** SMRT announced appointment of Mr Tony Heng Yew Teck as Managing Director, SMRT Taxis & Private Hire Services
- HH. **19 May 2016:** SMRT announced the resignation of Mr Benny Lim Kian Heng, Managing Director of SMRT Road Holdings Ltd to pursue other professional and personal interests
- II. **30 Jun 2016:** SMRT announced the proposed acquisition of a 20% stake in 2 Getthere Holding B.V., a Netherlands-based company that designs and manufactures a family of Automated Vehicles for EUR4m (S\$6m)
- JJ. **15 Jul 2016:** SMRT announced a trading halt on its shares pending the release of an announcement
- KK. **15 Jul 2016:** SMRT announced, via the NRFF Announcement, the Proposed Sale in connection with the NRFF
- LL. **18 Jul 2016:** SMRT announced a continuation of the trading halt pending a possible announcement
- MM. **20 Jul 2016:** SMRT and the Offeror announced, via the Joint Announcement, the proposed acquisition by the Offeror of all the Scheme Shares by way of a scheme of arrangement
- NN. **20 Jul 2016:** SMRT announced the request for the lifting of the trading halt on its shares
- OO. **21 Jul 2016:** SMRT and the Offeror announced that the Offeror does not intend to increase the Scheme Price
- PP. **11 Aug 2016:** SMRT announced that its wholly-owned subsidiary, SMRT Buses Ltd, had entered into a master framework agreement and three negotiated bus services contracts with the LTA

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QQ. **23 Aug 2016:** SMRT announced the incorporation of SMRT International B.V., a wholly-owned indirect subsidiary of SMRT

RR. **24 Aug 2016:** SMRT announced that it had received approval in-principle from SGX-ST for the proposed delisting of the Company from the Official List of the SGX-ST upon the Scheme becoming effective and binding in accordance with its terms

Source: Company Filings on the SGX-ST as at the Latest Practicable Date

Earnings Announcements (Period – Date)

1. **2Q FY2014 – 31 Oct 2013:** Group revenue increased 5.3 per cent. to S\$296.3m in the second quarter of FY2014 on broad based revenue growth particularly in the non-fare business. PATMI declined 56.8 per cent. to S\$14.4m
2. **3Q FY2014 – 28 Jan 2014:** Group revenue increased 4.1 per cent. to S\$293.3m in the third quarter of FY2014 due to higher revenue in almost all segments. PATMI declined 44.1 per cent. to S\$14.2m
3. **FY2014 – 30 Apr 2014:** Group revenue increased 4.0 per cent. to S\$1,163.9m in FY2014 due to higher revenue in almost all segments. PATMI declined 25.7 per cent. to S\$61.9m
4. **1Q FY2015 – 30 Jul 2014:** Group revenue increased 4.3 per cent. to S\$297.1m in the first quarter of FY2015 due to higher revenue across most segments. PATMI increased 36.8 per cent. to S\$22.4m
5. **2Q FY2015 – 31 Oct 2014:** Group revenue increased 6.0 per cent. to S\$314.0m in the second quarter of FY2015 due to broad based revenue growth across most of the segments. PATMI increased 75.5 per cent. to S\$25.3m
6. **3Q FY2015 – 29 Jan 2015:** Group revenue increased 6.8 per cent. to S\$313.2m in the third quarter of FY2015 due to broad based revenue growth across most of the segments. PATMI increased 58.4 per cent. to S\$22.5m
7. **FY2015 – 30 Apr 2015:** Group revenue increased 6.2 per cent. to S\$1,235.5m in FY2015 due to broad based revenue growth across most of the segments. PATMI increased 47.0 per cent. to S\$91.0m
8. **1Q FY2016 – 30 Jul 2015:** Group revenue increased 7.8 per cent. to S\$320.3m in the first quarter of FY2016 due to broad based revenue growth across most of the segments. PATMI declined 10.0 per cent. to S\$20.1m
9. **2Q FY2016 – 27 Oct 2015:** Group revenue increased 4.7 per cent. to S\$328.8m in the second quarter of FY2016 due to broad based revenue growth across most of the segments. PATMI increased 1.9 per cent. to S\$25.7m
10. **3Q FY2016 – 25 Jan 2016:** Group revenue increased 4.6 per cent. to S\$327.6m in the third quarter of FY2016 due to broad based revenue growth across most of the segments. PATMI increased 63.5 per cent. to S\$36.9m

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11. **FY2016 – 28 Apr 2016:** Group revenue increased 4.9 per cent. to S\$1,296.6m in FY2016 whilst PATMI increased 20.1 per cent. to S\$109.3m
12. **1Q FY2017 – 8 Aug 2016:** Group revenue decreased 2.0 per cent. to S\$313.9m in the first quarter of FY2017. PATMI decreased 22.9 per cent. to S\$15.5m

Source: Company Filings on the SGX-ST as at the Latest Practicable Date

Chart 4. Historical Share Price Performance of the Company and the Benchmark Index

	Calendar period up to the Latest Practicable Date (24-Aug-16)		Calendar period up to the Last Trading Day (15-Jul-16)	
	Company	STI	Company	STI
Last 3 months	7.2%	3.7%	1.0%	0.0%
Last 6 months	0.6%	10.2%	13.6%	11.2%
Last 12 months	43.9%	(0.6)%	5.8%	(12.8)%
Last 24 months	6.1%	(13.8)%	(5.2)%	(11.5)%

Source: FactSet as at the Latest Practicable Date

With reference to Chart 4 above, we note that the Shares have outperformed the Benchmark Index for the 3-month, 12-month and 24-month periods up to the Latest Practicable Date, and have underperformed the Benchmark Index for the 6-month period up to the Latest Practicable Date.

In addition, we note that the Shares have outperformed the Benchmark Index for the 3-month, 6-month, 12-month and 24-month periods up to 15 July 2016, the last day of trading prior to the Joint Announcement Date (the “**Last Trading Day**”).

We set out in Chart 5 the daily closing prices of the Shares and daily trading volumes for the 3-year period up to the Last Trading Day.

Chart 5. Share Price Performance and Trading Volume to the Last Trading Day



Source: FactSet as of the Last Trading Day

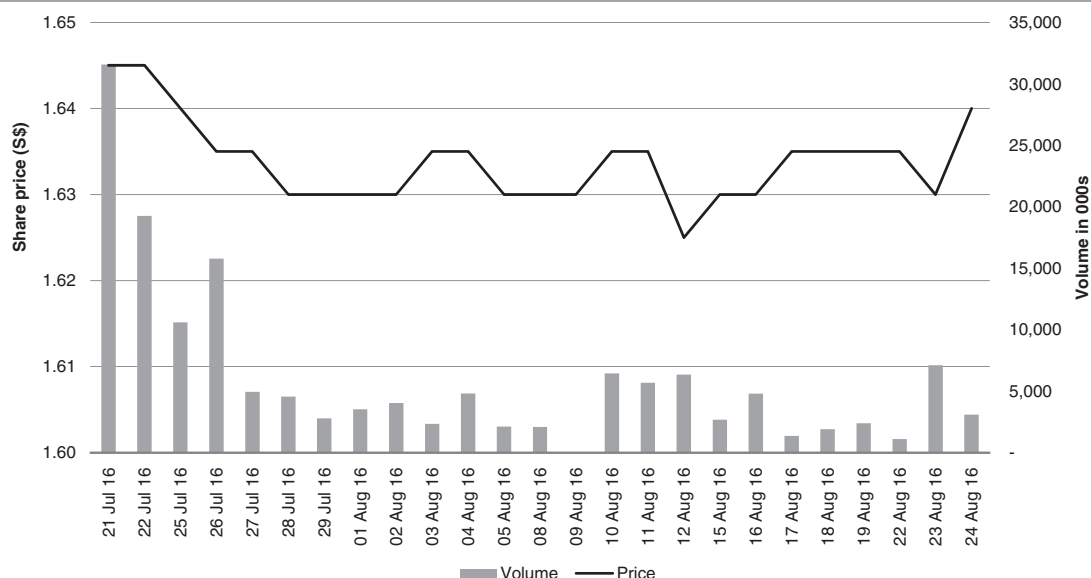
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With reference to Chart 5, we note that over the 3-year period up to the Last Trading Day, the price of the Shares increased from S\$1.37 to S\$1.55, an increase of 13.2 per cent..

We set out in Chart 6 the daily closing prices of the Shares and total volume of Shares traded from the Joint Announcement Date to the Latest Practicable Date.

Chart 6. Share Price Performance and Trading Volume from the Joint Announcement Date to the Latest Practicable date



Source: FactSet as of the Latest Practicable Date

Based on Chart 6, we note that, from the Joint Announcement Date to the Latest Practicable Date, the closing prices of the Shares ranged between S\$1.63 and S\$1.65 and the total volume of Shares traded was approximately 151.5 million Shares, representing approximately 9.9 per cent. of the Company's total outstanding Shares as at the Latest Practicable Date.

We set out in Chart 7 the premia implied by the Scheme Price over the volume weighted average price of the Shares ("VWAP") for the 1-week, 1-month, 3-month, 6-month and 12-month periods up to the Last Trading Day. Chart 7 also sets out the premia implied by the Scheme Price over the closing price of the Shares on the Latest Practicable Date, one trading day following the Joint Announcement Date and on the Last Trading Day.

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Chart 7. Analysis of Share Price Performance			
	Price Basis	Price S\$	Scheme Price % Premium/(Discount)
Latest Practicable Date	Closing Price	1.64	2.4%
1 trading day post Joint Announcement Date	Closing Price	1.65	2.1%
Scheme price		1.68	
Last Trading Day	Closing Price	1.55	8.7%
Calendar Period VWAP Prior to Last Trading Day ¹			
1 week period up to the Last Trading Day	VWAP ²	1.53	10.0%
1 month period up to the Last Trading Day	VWAP ²	1.52	10.8%
3 month period up to the Last Trading Day	VWAP ²	1.52	10.7%
6 month period up to the Last Trading Day	VWAP ²	1.55	8.7%
12 month period up to the Last Trading Day	VWAP ²	1.45	15.5%

Source: FactSet as of the Latest Practicable Date

Notes

- 1 Periods analysed are as follows – 1 week up to the Last Trading Day: 08 July 2016 to 15 July 2016, 1 month up to the Last Trading Day: 16 June 2016 to 15 July 2016, 3 months up to the Last Trading Day: 15 April 2016 to 15 July 2016, 6 months up to the Last Trading Day: 15 January 2016 to 15 July 2016 and 12 months up to the Last Trading Day: 16 July 2015 to 15 July 2016
- 2 VWAP calculated as the average daily trading value/average daily trading volume for the relevant period

Based on Chart 7, we note the following:

- The Scheme Price represents a premium of approximately 2.4 per cent. to the closing price of the Shares of S\$1.64 on the Latest Practicable Date and a premium of 2.1 per cent. over the closing price of the Shares of S\$1.65 one trading day after the Joint Announcement Date;
- The closing price of the Shares on the Latest Practicable Date of S\$1.64 represents an increase of approximately 6.1 per cent. over the closing price of S\$1.55 on the Last Trading Day;
- The Scheme Price represents a premium of approximately 8.7 per cent. over the closing price of the Shares of S\$1.55 on the Last Trading Day; and
- The Scheme Price represents premia of approximately 10.0 per cent., 10.8 per cent., 10.7 per cent., 8.7 per cent. and 15.5 per cent., respectively, over the VWAP of the Shares in the 1-week, 1-month, 3-month, 6-month and 12-month periods up to the Last Trading Day.

We note there is no assurance that the price of the Shares will remain at current levels after the close or the lapse of the Scheme. In addition, our analysis of the past price performance of the Shares is not indicative of the future price performance of the Shares, which will be governed by other factors such as, *inter alia*, the performance and prospects of the Company, prevailing economic conditions, economic outlook, market conditions and sentiments.

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9.3 The Company's Historical Trading Performance Analysis

We have compared, in Charts 8 and 9, the last twelve months (“LTM”) pro-forma and reported EV/EBITDA multiple implied by the Scheme Price (based on the Company's LTM EBITDA as of 30 June 2016) to the Company's LTM reported EV/EBITDA multiple (based on its trailing LTM reported EBITDA for the applicable time periods) over the LTM prior to the Joint Announcement Date.

Chart 8. Historical LTM EV/EBITDA

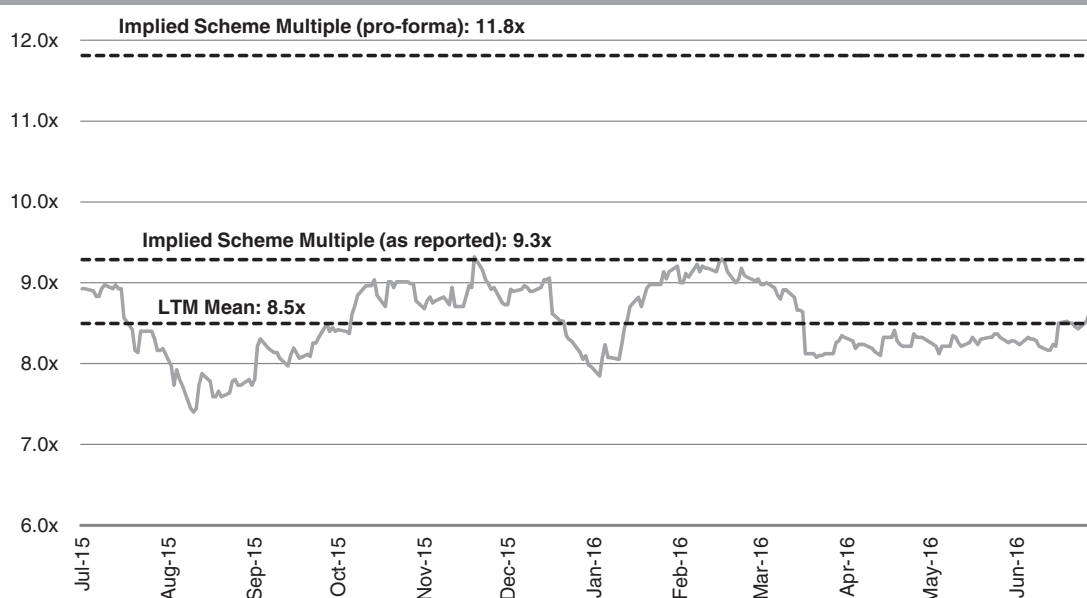


Chart 9. Summary of Historical LTM EV/EBITDA Multiples

Implied Scheme Multiple (LTM EBITDA, as reported)	9.3x
Implied Scheme Multiple (LTM EBITDA, pro-forma)	11.8x
12 months up to the Last Trading Day (15 July 2016)	
LTM mean (as per LTM EBITDA, as reported)	8.5x
LTM max (as per LTM EBITDA, as reported)	9.3x
LTM min (as per LTM EBITDA, as reported)	7.4x

Source: Company Filings on the SGX-ST and FactSet as of the Last Trading Day

Note

- 1 Implied Scheme Multiple (pro-forma) based on the Pro Forma LTM Financials and Enterprise value adjusted for the expected proceeds from the Proposed Sale, net of tax

Based on Chart 9, we note that the LTM EV/EBITDA multiple implied by the Scheme Price (as reported and based on LTM EBITDA) of 9.3 times is higher than the mean LTM EV/EBITDA multiples (based on LTM reported EBITDA) over the LTM prior to the Joint Announcement Date of 8.5 times and in line with the maximum. The implied multiple is 11.8 times when based on pro-forma numbers.

We have compared, in Charts 10 and 11, the LTM pro-forma and reported EV/EBIT multiple implied by the Scheme Price (based on the Company's LTM EBIT as of 30 June 2016) to the Company's LTM reported EV/EBIT multiple (based on its trailing LTM reported EBIT for the applicable time periods) over the LTM prior to the Joint Announcement Date.

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Chart 10. Historical LTM EV/EBIT

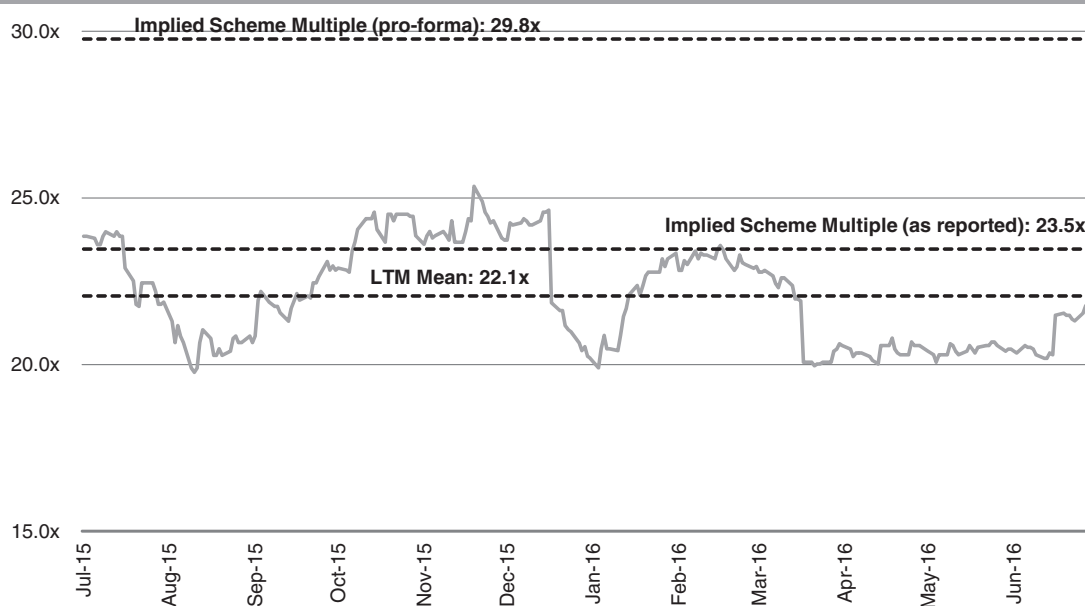


Chart 11. Summary of Historical LTM EV/EBIT Multiples

Implied by Scheme Price (LTM EBIT, as reported)	23.5x
Implied by Scheme Price (LTM EBIT, pro-forma)	29.8x
12 months up to the Last Trading Day (15 July 2016)	
LTM mean (as per LTM EBIT, as reported)	22.1x
LTM max (as per LTM EBIT, as reported)	25.3x
LTM min (as per LTM EBIT, as reported)	19.8x

Source: Company Filings on the SGX-ST and FactSet as of the Last Trading Day

Note

- 1 Implied Scheme Multiple (pro-forma) based on the Pro Forma LTM Financials and Enterprise value adjusted for the expected proceeds from the Proposed Sale, net of tax

Based on Chart 11, we note that the LTM EV/EBIT multiple implied by the Scheme Price (as reported and based on LTM EBIT) of 23.5 times is within the range of LTM EV/EBIT multiples (based on LTM reported EBIT) of 19.8 times to 25.3 times over the LTM prior to the Joint Announcement Date. The implied multiple is 29.8 times when based on pro-forma numbers.

We have compared, in Charts 12 and 13, the LTM pro-forma and reported P/E multiple implied by the Scheme Price (based on the Company's LTM PATMI as of 30 June 2016) to the Company's LTM reported P/E multiple (based on its trailing LTM PATMI for the applicable time periods) over the LTM prior to the Joint Announcement Date.

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Chart 12. Historical LTM P/E

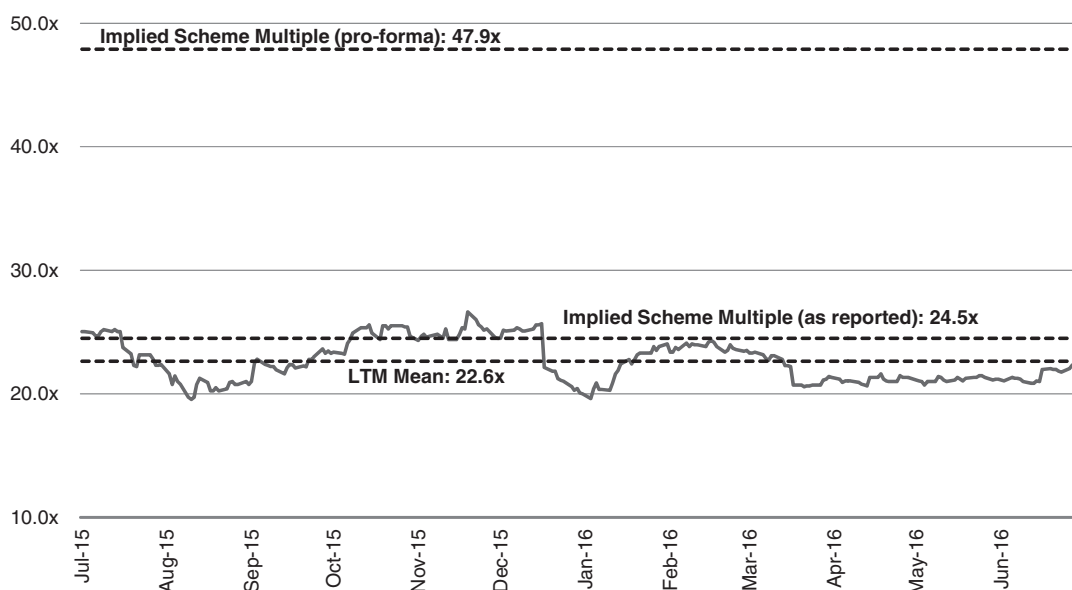


Chart 13. Summary of Historical LTM P/E Multiples

Implied by Scheme Price (LTM PATMI, as reported)	24.5x
Implied by Scheme Price (LTM PATMI, pro-forma)	47.9x
12 months up to the Last Trading Day (15 July 2016)	
LTM mean (as per LTM PATMI, as reported)	22.6x
LTM max (as per LTM PATMI, as reported)	26.6x
LTM min (as per LTM PATMI, as reported)	19.6x

Source: Company Filings on the SGX-ST and FactSet as of the Last Trading Day

Note

1 Implied Scheme Multiple (pro-forma) based on the Pro Forma LTM Financials

Based on Chart 13, we note that the LTM P/E multiple implied by the Scheme Price (as reported and based on LTM PATMI) of 24.5 times is within the range of LTM P/E multiples (based on LTM reported PATMI) of 19.6 times to 26.6 times over the LTM prior to the Joint Announcement Date. The implied multiple is 47.9 times when based on pro-forma numbers.

We note that in Table 1 of the Joint Announcement the Company presented an illustrative range of P/E ratios based on a pro-forma PATMI for FY 2016 under the NRFF. As described in Section 2 of this letter, the Company has represented to us that there are certain differences in assumptions made in the preparation of the pro-forma FY 2016 PATMI on which these P/E ratios are based and the Pro Forma LTM Financials provided to us, on which our analysis in Chart 12 and 13 is based.

We also note that in the Offeror's Letter as set out in Appendix 2 to the Scheme Document, the Offeror presents an average LTM P/E multiple which differs to that presented in Chart 12 and 13 above. The Company has represented to us that there were certain differences in the methodology used in the preparation of Figure A of the Offeror's Letter, compared to Chart 12 and 13 above.

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We have also compared, in Charts 14 and 15, the pro-forma and reported Latest P/NTA multiple implied by the Scheme Price (based on the Company's latest reported NTA as at 30 June 2016) to the Company's Latest reported P/NTA multiple (based on the Company's latest NTA for the applicable time periods) over the LTM prior to the Joint Announcement Date.

Chart 14. Historical Latest P/NTA

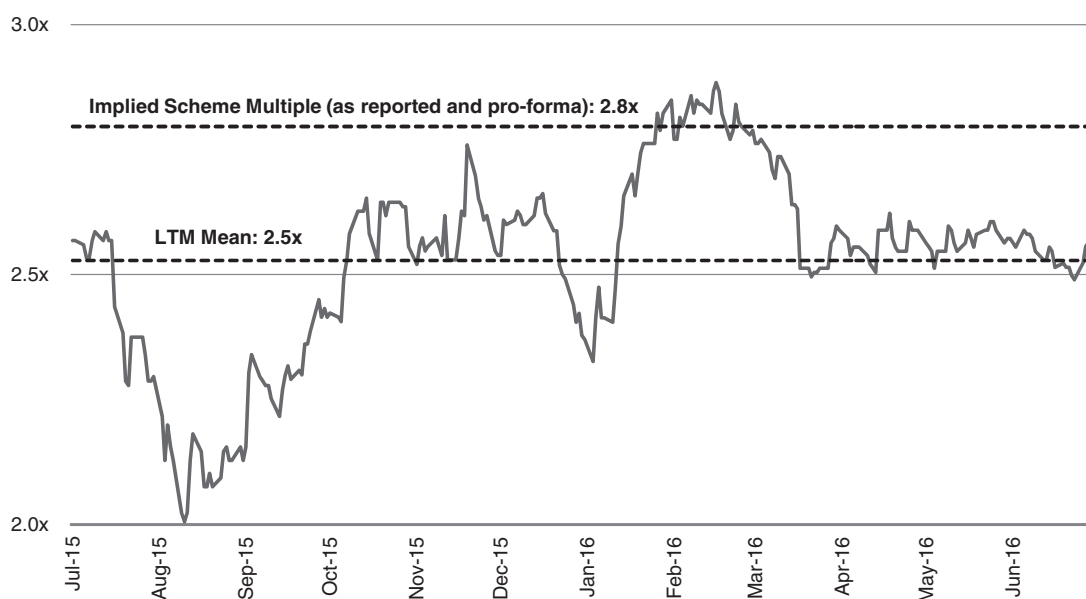


Chart 15. Summary of Historical Latest P/NTA Multiples

Implied by Scheme Price (Latest NTA, as reported)	2.8x
Implied by Scheme Price (Latest NTA, pro-forma)	2.8x
12 months up to the Last Trading Day (15 July 2016)	
LTM mean (as per Latest NTA, as reported)	2.5x
LTM max (as per Latest NTA, as reported)	2.9x
LTM min (as per Latest NTA, as reported)	2.0x

Source: Company Filings on the SGX-ST and FactSet as of the Last Trading Day

Note

- 1 Implied Scheme Multiple (pro-forma) based on the Pro Forma LTM Financials and NTA as of 30 June 2016, assuming no change to NTA as a result of the Proposed Sale

Based on Chart 15, we note that the LTM P/NTA multiple implied by the Scheme Price (as reported and pro-forma based on the Company's latest NTA as at 30 June 2016) of 2.8 times is within the range of P/NTA multiples (based on latest NTA for the applicable time periods) of 2.0 times to 2.9 times over the LTM prior to the Joint Announcement Date.

Overall, based on Charts 9, 11, 13 and 15, we note the implied last twelve months LTM EV/EBITDA, LTM EV/EBIT, LTM P/E, historical latest P/NTA multiples of the Scheme Price on a pro-forma and as reported basis are above the Company's mean multiples for the 12-month period prior to the Joint Announcement Date.

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We wish to highlight that the historical trading patterns or performance of the Shares should not, in any way, be relied upon as an indication of its future trading patterns or performance, which will be governed by, *inter alia*, the performance and prospects of the Company, prevailing economic conditions, economic outlook and market conditions and sentiments. We wish to also note that the historical trading patterns or performance of the Shares were in respect of periods during which the Group was operating under the CRFF regime and going forward, the Group will be operating under the NRFF regime, subject to the satisfaction or waiver of conditions precedent including SMRT shareholders' approval for the Proposed Sale. Accordingly, the historical trading patterns or performance of the Shares may not be reflective of the trading patterns or performance of the Shares in future.

9.4 Trading Comparable Analysis

We have considered selected companies listed in Singapore and globally as trading comparables for the Company. The companies which we have selected as trading comparables in the list below are a representative sample of companies in a similar industry with similar business models as the Company on a global basis ("**Comparable Companies**").

We note that all of the Comparable Companies as well as SMRT operate in multiple business segments, including rail, bus and taxi services. Furthermore, we note the rail and rail related commercial activities represented the majority of SMRT's group revenue in FY2016. Accordingly, we did not deem it appropriate to consider a sum-of-the-parts based approach with respect to the Trading Comparable Analysis.

In evaluating these companies, we have used the following ratios:

- Enterprise Value/Earnings Before Interest, Tax, Depreciation and Amortisation (EV/EBITDA);
- Enterprise Value/Earnings Before Interest and Tax (EV/EBIT);
- Price/Earnings (P/E); and
- Price/Net Tangible Assets (P/NTA)

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Brief descriptions of the Comparable Companies are set out below.

Table 2 – Comparable Companies Overview

Company Name	Market Cap ¹	Description
Singapore-listed Rail and Bus operators		
ComfortDelGro Corporation Limited	S\$6,080m	- ComfortDelGro Corporation Limited is a transport company whose businesses include bus, taxi, rail, car rental and leasing, automotive engineering services, inspection and testing services, driving centre, insurance broking services and outdoor advertising - The company operates primarily in Singapore, as well as in the UK, Australia, China and Malaysia - The company was formed in 2003 through the merger of two companies, Comfort Group and Delgro Corporation and is headquartered in Singapore
SBS Transit Ltd	S\$722m	- SBS Transit Ltd is a transport company whose operations comprise bus and rail services in Singapore - The company's rail operations comprise the operation of the North-East and Downtown MRT lines, as well as the Sengkang and Punggol LRT lines in Singapore - The company is 75% owned by ComfortDelGro Corporation Limited - The company is headquartered in Singapore
Rest of World Rail and Bus operators		
FirstGroup Plc	S\$2,403m	- FirstGroup Plc is a transport company whose operations primarily comprise bus, coach and rail services - The company's bus operations include the operation of public bus services in the UK, as well as school bus and long distance coach services in USA and Canada - The company's rail business comprises two UK rail concessions - The company is headquartered in the UK

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Company Name	Market Cap ¹	Description
National Express Group Plc	S\$3,331m	- National Express Group Plc is a transport company whose operations include bus, coach and rail services - The company's bus and coach operations include scheduled coach and regional bus services in the UK, school bus and transit services in North America, as well as other bus and coach operations in Germany, Spain and Morocco - The company's rail business comprises rail concessions in the UK and Germany - The company is headquartered in the UK
Stagecoach Group Plc	S\$2,393m	- Stagecoach Group Plc is a transport company operating rail, bus and coach services - The company operates bus and coach services primarily in the UK, as well as in North America - The company's rail operations comprise a number of wholly-owned UK rail concessions. The company also owns a 49% stake in Virgin Rail Group, the UK rail operator - The company is headquartered in the UK
The Go-ahead Group Plc	S\$1,543m	- The Go-ahead Group Plc is a UK transport company whose primary operations comprise UK rail and bus services - In 2015 the company was also awarded a contract for the operation of bus services in Singapore - The company is headquartered in the UK

Source: Company description based on publicly available information, including annual reports and company websites.

Note

- 1 Market capitalisation is calculated based on share prices and exchange rates from FactSet as at the Latest Practicable Date

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Chart 16 sets out the trading multiples for the Comparable Companies:

Chart 16. Comparable Trading Multiples							
Company	Note	MC ¹ (S\$m)	EV ² (S\$m)	EV/EBITDA ^{3,4} LTM	EV/EBIT ^{3,4} LTM	P/E ⁴ LTM	P/NTA Latest
Singapore-listed Rail & Bus Operators							
ComfortDelGro Corporation Ltd	5	6,080	6,363	7.5x	13.9x	19.5x	2.6x
SBS Transit Ltd	6	722	970	8.7x	32.0x	34.1x	2.0x
Mean				8.1x	22.9x	26.8x	2.3x
Median				8.1x	22.9x	26.8x	2.3x
Rest of World Rail & Bus Operators							
FirstGroup Plc	7	2,403	6,060	5.5x	13.7x	14.8x	n/m ¹³
National Express Group Plc	8	3,331	4,862	8.7x	15.9x	16.8x	n/m ¹³
Stagecoach Group Plc	9	2,393	3,299	5.5x	9.8x	9.1x	n/m ¹³
The Go-ahead Group Plc	10	1,543	2,149	6.5x	10.2x	11.9x	n/m ¹³
Mean				6.5x	12.4x	13.2x	n/m
Median				6.0x	11.9x	13.4x	n/m
Overall mean				7.1x	15.9x	17.7x	2.3x
Overall median				7.0x	13.8x	15.8x	2.3x
SMRT (Scheme Price, as reported)	11	2,565	3,117	9.3x	23.5x	24.5x	2.8x
SMRT (Scheme Price, pro-forma)	12	2,565	2,285	11.8x	29.8x	47.9x	2.8x

Source: Company Filings and FactSet as of the Latest Practicable Date

Notes

- Market capitalisation is calculated based on share prices and exchange rates from FactSet as at the Latest Practicable Date
- Enterprise value is the sum of the company's market capitalisation, preferred equity, minority interests, short and long term debt and pension deficit (if applicable), less its cash and cash equivalents (excluding restricted cash), and interest in associates and joint ventures and other investments
- EBITDA and EBIT exclude share of associates' and joint ventures' income
- EBITDA, EBIT and PATMI are adjusted for one-off and exceptional items as per footnotes below
- ComfortDelGro Corporation Ltd:** Financial information reflects data for the LTM ended 30 June 2016
- SBS Transit Ltd:** Financial information reflects data for the LTM ended 30 June 2016
- FirstGroup:** Financial information reflects data for the LTM ended 31 March 2016
- National Express Group Plc:** Financial information reflects data for the LTM ended 30 June 2016. Enterprise value calculated based on net debt of GBP839m, assuming restricted cash of GBP5m (last reported as of 31 December 2015)
- Stagecoach Group Plc:** Financial information reflects data for the LTM ended 30 April 2016. EBITDA, EBIT and PATMI excluding exceptional items as reported by the company
- The Go-ahead Group Plc:** Financial information reflects data for the LTM ended 26 December 2015. EBITDA, EBIT and PATMI excluding exceptional items as reported by the company
- SMRT (as reported): Financial information for the LTM ended 30 June 2016
- SMRT (pro-forma): Financial information for the LTM ended 30 June 2016. EBITDA, EBIT and PATMI based on the Pro Forma LTM Financials and Enterprise value adjusted for the expected proceeds from the Proposed Sale, net of tax payable on the difference between the sale proceeds and the residual capital allowances relating to the operating assets. NTA as of 30 June 2016, assuming no change to NTA as a result of the Proposed Sale
- NTA is negative or close to negative and therefore P/NTA is not meaningful for the purpose of the analysis

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Based on Chart 16, we note that at the Scheme Price:

- The implied multiples of the Company on an as reported basis and on a pro-forma basis are above the range of the overall mean and median across LTM EV/EBITDA (7.1 times and 7.0 times), LTM EV/EBIT (15.9 times and 13.8 times), P/E (17.7 times and 15.8 times) and P/NTA (both 2.3 times) of the Comparable Companies.

The above comparison with the Comparable Companies is for illustrative purposes only. We wish to highlight that the Comparable Companies universe used for this analysis is not exhaustive. The Comparable Companies may not be directly comparable with the Company and may vary with respect to, amongst others, the geographical spread of activities, business mix and model, size of the addressable market for their products, scale of operations, asset intensity, financial leverage, accounting policies, risk profile, tax factors, and track record and future prospects. Accordingly, the Comparable Companies may not provide a meaningful basis for valuation comparison and any comparison made is necessarily limited.

The underlying financial data used to calculate the LTM EV/EBITDA, LTM EV/EBIT, LTM P/E, and Latest P/NTA in our analysis have been extracted from the relevant companies' financials and FactSet as at the Latest Practicable Date. Rothschild makes no representations or warranties, express or implied, as to the accuracy, completeness or sufficiency of such information.

9.5 Precedent Transaction Analysis

We have considered whether there are recent precedent transactions which may involve the acquisition of companies focused on the provision of passenger rail services with a transaction size of at least S\$100m. However, we note that the publicly available information on such transactions was limited.

We would note Deutsche Bahn AG's acquisition of Arriva Plc in 2010 (the "**Selected Precedent Transaction**") as the most comparable transaction for the purpose of precedent transaction analysis, on the basis of Arriva Plc's similar size and nature of business operations.

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A brief description of the Arriva Plc transaction is set out below.

Table 3 – Description of the Selected Precedent Transaction

Target	Date of Announcement	Stake Acquired (per cent.)	Description of target (at time of acquisition)
Arriva Plc	22-Apr-10	100%	- Arriva Plc is a European public transport services provider, operating through three divisions: UK Bus, UK Rail and Mainland Europe - Arriva's UK Bus division is the second largest bus operator in the UK, and its UK rail business operates a number of rail franchises - Arriva also operates the CrossCountry and Arriva Trains UK rail franchises - Arriva also operates in 11 mainland European countries - For the year ended 31 December 2009 Arriva Group reported revenues of GBP3.1bn

Source: Company Filings, Company announcements, FactSet

Chart 17 sets out the implied transaction multiples for the Selected Precedent Transaction:

Chart 17. Comparable Transaction Multiples										
Announcement Date	Target	Acquiror	Target country	Stake	EqV ¹ S\$m	EV ² S\$m	LTM EV/ EBITDA ³ (x)	LTM EV/ EBIT ³ (x)	LTM P/E ³ (x)	Latest P/NTA ⁴ (x)
Apr-10	Arriva Plc	Deutsche Bahn AG	UK	100%	3,349	5,152	7.5x	21.5x	21.2x	5.6x
	SMRT (as reported)	Temasek	Singapore	100%	2,565	3,117	9.3x	23.5x	24.5x	2.8x
	SMRT (pro-forma)	Temasek	Singapore	100%	2,565	2,285	11.8x	29.8x	47.9x	2.8x

Source: Company Filings, Company announcements, FactSet.

Notes

- Arriva Plc's equity value of GBP1.585 billion as per Deutsche Bahn AG's announcement on 22 April 2010, presented in S\$ based on the GBP/SGD exchange rate from FactSet as of the announcement date
- Arriva Plc's enterprise value calculated as equity value plus debt minus cash (excluding restricted cash) plus minority interests less investment in associates, plus net pension deficit as of 31 December 2009 as per Arriva Plc's 2009 annual report. Enterprise value presented in S\$ based on the GBP/SGD exchange rate from FactSet as of the announcement date
- Arriva Plc's EBITDA and EBIT for the year ended 31 December 2009 excludes exceptional income of GBP46.8m. PATMI excludes exceptional income of GBP46.8m and tax expense of GBP13.1m relating to the exceptional gain
- Arriva Plc's NTA as of 31 December 2009
- SMRT (as reported): Financial information for the LTM ended 30 June 2016

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6. SMRT (pro-forma): Financial information for the LTM ended 30 June 2016. EBITDA, EBIT and PATMI based on the Pro Forma LTM Financials and Enterprise value adjusted for the expected proceeds from the Proposed Sale, net of tax payable on the difference between the sale proceeds and the residual capital allowances relating to the operating assets. NTA as of 30 June 2016, assuming no change to NTA as a result of the Proposed Sale

The Independent Directors should note that the level of premium (if any) an acquirer would normally pay in a merger or take-over transaction varies in different circumstances depending on, inter alia, the attractiveness of the underlying business to be acquired, the synergies (if any) to be gained by the acquirer from integrating the target company's businesses with its existing business, the possibility of significant revaluation of the assets to be acquired, the availability of substantial cash reserves, the liquidity in the trading of the target company's shares, the presence of competing bids for the target company, the form of consideration offered by an acquirer, the extent of control the acquirer already has in the target company and prevailing market conditions and expectations.

The Independent Directors should also note that the comparison is made without taking into consideration the relative efficiency of information or the underlying liquidity of the shares of the relevant companies, the performance of the shares of the companies or the quality of earnings prior to the relevant announcements and the market conditions, sentiments and expectations when the announcements were made.

The Selected Precedent Transaction is provided for illustrative purposes only. The Selected Precedent Transaction and the acquired company may not be directly comparable with the Scheme and the Company and may vary with respect to, amongst others, the liquidity of the underlying shares in the acquired company and the prevailing market conditions at the time of the transaction, as well as the geographical spread of activities, business mix and model, size of the addressable market for its products, scale of operations, asset intensity, financial leverage, accounting policy, risk profile, tax factors, track record and future prospects of the acquired company. Accordingly, the Selected Precedent Transaction may not provide a meaningful basis for comparison.

We further wish to highlight that the underlying financial data used to calculate the LTM EV/EBITDA, EV/EBIT, LTM P/E, and Latest P/NTA in our analysis have been extracted from the company's financials and filings, Mergermarket and FactSet as at the Latest Practicable Date. Rothschild makes no representations or warranties, express or implied, on the accuracy, completeness or sufficiency of such information.

Based on Chart 17, we note that at the Scheme Price:

- The implied multiples of the Company on an as reported basis and on a pro-forma basis is above the level of the Selected Precedent Transaction across LTM EV/EBITDA (**7.5 times**), LTM EV/EBIT (**21.5 times**) and LTM P/E (**21.2 times**) and below the level of the Selected Precedent Transaction with respect to Latest P/NTA (**5.6 times**)

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9.6 Precedent Take-overs Analysis

We have looked at completed voluntary general offers (“VGO”), mandatory general offers (“MGO”), delisting offers (“VD”) and schemes of arrangement (“SOA”) involving companies listed in Singapore between 1 January 2014 and the Latest Practicable Date, where the transaction size implied by the respective offer was greater than S\$100 million (“**Precedent Take-overs in Singapore**”).

Chart 18 sets out the premium/discount implied by the offer price of the Precedent Take-overs in Singapore to the last transacted price and the VWAPs of the respective targets for the 1-month, 3-month and 6-month periods prior to the respective offer announcements (or other reference date as described in the notes below).

Chart 18. Precedent Take-overs in Singapore

Ann. date ¹	Target	Note	Premium/(discount) of the offer price over/to relevant prices prior to announcement ²			
			Last transacted price	1-month VWAP	3-month VWAP	6-month VWAP
24-Feb-14	Singapore Land	3	11.2%	16.9%	13.9%	11.0%
14-Mar-14	Olam International	4	11.8%	24.3%	33.0%	39.9%
31-Mar-14	China XLX Fertiliser	5	23.1%	28.9%	24.8%	22.2%
16-May-14	Capitamalls Asia	6	30.2%	34.4%	32.8%	27.6%
27-May-14	Hotel Properties	7	29.4%	33.8%	35.1%	32.2%
27-May-14	Goodpack	8	23.2%	30.8%	31.3%	34.3%
27-Oct-14	Perennial China Retail Trust	9	29.6%	34.0%	33.0%	32.1%
17-Nov-14	euNetworks Group	10	32.6%	58.4%	69.2%	101.2%
24-Nov-14	Forterra Trust	11	32.4%	51.1%	49.7%	39.8%
30-Dec-14	STATS ChipPAC	12	55.3%	39.1%	42.6%	47.5%
12-Jan-15	LCD Global Investments	13	10.0%	11.5%	13.4%	13.4%
14-Jan-15	Popular Holdings	14	39.1%	39.7%	37.3%	32.2%
23-Jan-15	Keppel Land	15	20.0%	25.0%	28.8%	28.2%
09-Feb-15	CH Offshore	16	18.3%	20.1%	17.0%	16.8%
05-Mar-15	United Envirotech	17	12.6%	16.5%	20.2%	28.1%
01-Apr-15	IPC Corporation	18	2.7%	4.5%	5.5%	7.4%
06-Nov-15	Tiger Airways Holdings	19	45.2%	48.5%	56.3%	50.0%
27-Jan-16	Lantrovision	20	47.7%	42.8%	46.2%	56.6%
25-Feb-16	Xinren Aluminium Holdings	21	31.3%	49.6%	50.0%	48.5%
29-Feb-16	Interplex Holdings	22	15.5%	11.1%	13.1%	16.5%
28-Mar-16	Halcyon Agri	23	24.0%	52.6%	29.0%	8.3%
05-Apr-16	OSIM International	24	27.0%	40.9%	42.5%	16.7%
09-May-16	China Merchants Holdings	25	22.9%	21.8%	25.3%	20.2%
16-May-16	Eu Yan Sang International	26	2.6%	8.5%	16.5%	24.7%
Maximum			55.3%	58.4%	69.2%	101.2%
Mean			24.9%	31.0%	31.9%	31.5%
Median			23.6%	32.3%	32.1%	28.2%
Minimum			2.6%	4.5%	5.5%	7.4%
20-Jul-16	SMRT (Scheme Price)		8.7%	10.8%	10.7%	8.7%

Source: Thomson, Bloomberg, Company Filings on SGX-ST

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Notes

1. Date on which the relevant offer was announced. If offer price was revised, then the date of the announcement of the final revision is taken.
2. Premium calculated based on the last traded price prior to the relevant take-over announcement, or other reference date as described in the notes below.
3. On 24 February 2014, UIC Enterprise Pte Ltd ("**UIC**") announced a voluntary unconditional cash offer to acquire all of the issued and paid-up ordinary shares in the capital of Singapore Land Limited other than those held, directly or indirectly, by United Industrial Corporation Limited and its subsidiaries (including UIC). The market premia are calculated based on the offer price of S\$9.40 per share. The time reference for calculation of premia is 19 February 2014, being the last trading day of the shares on the SGX-ST prior to the announcement of the offer.
4. On 14 March 2014, Breedens Investments Pte Ltd ("**Breedens**"), an indirect wholly-owned subsidiary of Temasek Holdings (Private) Limited ("**Temasek**") announced a voluntary conditional cash offer to acquire all of the issued and paid-up ordinary shares in the capital of Olam International Limited. The market premia are calculated based on the offer price of S\$2.23 per share. The time reference for calculation of premia is 12 March 2014, being the last trading day of the shares on the SGX-ST prior to the announcement of the offer.
5. On 11 December 2013, China XLX Fertiliser Ltd announced that it had been approach in relation to a potential offer from Pioneer Top Holdings Limited ("**Pioneer**"). On 31 March 2014, Pioneer announced an exit offer to acquire all of the issued and paid-up ordinary shares in China XLX Fertiliser Ltd, other than those already owned, controlled or agreed to be acquire by the offeror. The market premia are calculated based on the offer price of S\$0.40 per share. The time reference for calculation of premia is 6 December 2013, being the last trading day of the shares on the SGX-ST prior to the announcement of the potential offer.
6. On 14 April 2014, Sound Investment Holdings Pte Ltd ("**Sound**"), a wholly-owned subsidiary of CapitaLand Limited announced a voluntary conditional cash offer to acquire all of the issued and paid-up ordinary shares, other than the shares already owned by the offeror, in the capital of CapitaMalls Asia Limited at an offer price of S\$2.22 per share subject to an adjustment depending on the final FY2013 dividend. On 16 May 2014 Sound announced a revised offer price of S\$2.35 per share. The market premia are calculated based on the offer price of S\$2.35 per share. The time reference for calculation of premia is 11 April 2014, being the last trading day of the shares on the SGX-ST prior to the announcement of the offer.
7. On 14 April 2014 68 Holdings Pte Ltd ("**Sixty-Eight**") announced a mandatory conditional cash offer for all the shares in Hotel Properties Limited not already owned, controlled or agreed to be acquired by the offeror for a price of S\$3.50 per share. On 14 May 2014 Sixty-Eight announced a revised offer price of S\$4.00 per share. On 27 May 2014 Sixty-Eight announced a second revised offer price of S\$4.05 per share. The market premia are calculated based on the offer price of S\$4.05 per share. The time reference for calculation of premia is 11 April 2014, being the last full trading day of the shares on the SGX-ST prior to the announcement of the revised offer.
8. On 27 May 2014, IBC Capital Limited ("**IBC Capital**"), an indirect wholly-owned subsidiary of KKR Asian Fund II L.P. ("**KKR**"), announced a the proposed acquisition of Goodpack Limited ("**Goodpack**") by way of a scheme of arrangement, at an offer price of S\$2.50 per share. The time reference for calculation of premia is 18 March 2014, being the last trading day of the shares on the SGX-ST prior to the announcement of the offer.
9. On 14 March 2014, Perennial Real Estate Holdings Limited ("**PREHL**"), formerly known as St. James Holdings Ltd, announced its intention to make (subject to certain pre-conditions) a voluntary stock offer to acquire all of the issued and paid-up ordinary shares, other than the shares already owned, controlled or agreed to be acquired by the offeror, in the capital of Perennial China Retail Trust. On 27 October 2014 PREHL announced its firm intention to make an offer at an offer price of S\$0.70 per unit, satisfied by the issuance of 0.52423 new PREHL shares. The time reference for calculation of premia is 14 March 2014, being the last trading day of the shares on the SGX-ST prior to the announcement of the intention to make an offer.
10. On 17 November 2014, EUN Holdings, LLP announced a mandatory unconditional cash offer to acquire all the issued shares in euNetworks Group Limited other than those already owned, controlled or agreed to be acquired be the offeror, at an offer price of S\$1.16 per share. The time reference for calculation of premia is 14 November 2014, being the last full trading day of the shares on the SGX-ST prior to the announcement of the offer.

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11. On 4 November 2014, New Precise Holdings Limited ("**New Precise**") announced a mandatory conditional cash offer for all the shares in Forterra Trust not already owned, controlled or agreed to be acquired by the offeror for a price of S\$1.85 per share. On 24 November 2014 New Precise announced a revised offer price of S\$2.25 per share. The market premia are calculated based on the offer price of S\$2.25 per share. The time reference for calculation of premia is 3 November 2014, being the last full trading day of the shares on the SGX-ST prior to the announcement of the first offer.
12. On 30 December 2014 JCET-SC Pte. Ltd ("**JCET-SC**") announced that it intends to make a voluntary conditional cash offer for all the shares in STATS ChipPac Ltd. ("**STATS**"), subject to the fulfilment of certain pre-conditions. On 26 June 2015, JCET-SC announced a voluntary conditional general offer to acquire all the issued and paid-up ordinary shares in the capital of STATS at an offer price of S\$0.46577 per share. Additionally, the offeror offered shareholders the option of either a cash distribution or a distribution in specie following the completion of an international restructuring exercise. The time reference for calculation of premia is 14 May 2014, being the last full trading day of the shares on the SGX-ST prior to the announcement of pre-conditional intention to make an offer. The market premia are calculated based on the total value of the offer price and the distribution.
13. On 12 January 2015, AF Global Pte. Ltd announced a voluntary conditional cash offer to acquire all the issued and paid-up ordinary shares (other than treasury shares) in the capital of LCD Global Investments Ltd ("**LCD**") other than those already owned, controlled or agreed to be acquired by the offeror, at an offer price of S\$0.30 per share, or S\$0.33 per share in the event that LCD announced the cancellation of its planned rights issue, which it did on 14 January 2015. The market premia are calculated based on the offer price of S\$0.33 per share. The time reference for calculation of premia is 9 January 2015, being the last full trading day of the shares on the SGX-ST prior to the announcement of the offer.
14. On 14 January 2015, Grand Apex Holdings Pte. Ltd announced a voluntary conditional cash offer to acquire all the issued ordinary shares in the share capital of Popular Holdings Limited ("**Popular**") other than those already owned, controlled or agreed to be acquired by the offeror, at an offer price of S\$0.32 per share. The time reference for calculation of premia is 13 January 2015, being the last full trading day of the shares on the SGX-ST prior to the announcement of the offer.
15. On 23 January 2015, Keppel Corporation Limited ("**KCL**") announced a voluntary unconditional cash offer to acquire all the issued ordinary shares of Keppel Land Limited ("**KLL**") other than those already owned, controlled or agreed to be acquired by the offeror, at a base offer price of S\$4.38 per share, or S\$4.60 per share in the event that KCL acquires at least 90% of the KLL's shares. The market premia are calculated based on the base offer price of S\$4.38 per share. The time reference for calculation of premia is 20 January 2015, being the last full trading day of the shares on the SGX-ST prior to the announcement of the offer.
16. On 11 December 2014, Energian Pte Ltd ("**Energian**"), a wholly-owned subsidiary of Falcon Energy Group Limited, announced a voluntary conditional cash offer for all the shares in the capital of CH Offshore Ltd ("**CHO**") not already owned, controlled or agreed to be acquired by the offeror for a price of S\$0.495 per share. On 9 February 2015 Energian announced a revised offer price of S\$0.550 per share. The market premia are calculated based on the offer price of S\$0.550 per share. The time reference for calculation of premia is 10 December 2014, being the last full trading day of the shares on the SGX-ST prior to the announcement of the first offer.
17. On 2 July 2014 United Envirotech Ltd ("**UEL**") announced that it had been approached to explore a potential acquisition of shares in the company. On 12 November 2014 CKM (Cayman) Company Limited ("**CKM**") announced that it intends to make a voluntary conditional offer to acquire all the issued and paid-up ordinary shares of UEL. On 5 March 2015, CKM announced its firm intention to make an offer at an offer price of S\$1.65 per share. The time reference for calculation of premia is 2 July 2014, being the last trading day of the shares on the SGX-ST prior to the initial announcement.
18. On 1 April 2015, Mr. Oei Hong Leong announced a mandatory conditional cash offer to acquire all the issued and paid-up ordinary shares in the capital of IPC Corporation Ltd ("**IPC**") other than those already owned, controlled or agreed to be acquired by the offeror, at an offer price of S\$0.17 per share. The time reference for calculation of premia is 31 March 2015, being the last full trading day of the shares on the SGX-ST prior to the announcement of the offer.
19. On 6 November 2015, Singapore Airlines Limited ("**SIA**") announced a voluntary conditional general offer for all the issued shares in the capital of Tiger Airways Holdings Limited ("**Tiger Airways**") not already owned, controlled or agreed to be acquired by the offeror for a price of S\$0.41 per share. On 4 January 2016 SIA announced a revised offer price of S\$0.45 per share. The market premia are calculated based on the offer price of S\$0.45 per share. The time reference for calculation of premia is 5 November 2015, being the last full trading day of the shares on the SGX-ST prior to the announcement of the revised offer.

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20. On 27 January 2016, MIRAIT Singapore Pte. Ltd, a wholly-owned subsidiary of MIRAIT Holdings Corporation (“**MIRAIT**”) announced the proposed acquisition of Latrovision (S) Ltd, at an offer price of S\$3.25 per share, by way of a scheme of arrangement. The time reference for calculation of premia is 26 January 2016, being the last full trading day of the shares on the SGX-ST prior to the announcement of the offer.
21. On 25 February 2016, Merit Stand Inc. announced a voluntary conditional cash offer to acquire all the issued and paid-up ordinary shares in the capital of XinRen Aluminum Holdings Limited other than those already owned, controlled or agreed to be acquired by the offeror, at an offer price of S\$0.60 per share. The time reference for calculation of premia is 24 February 2016, being the last full trading day of the shares on the SGX-ST prior to the offer announcement.
22. On 23 December 2015 Slater Pte. Ltd (“**Slater**”), an investment vehicle of Baring Private Equity Asia, announced its intention to make a voluntary conditional general offer to acquire all the issued and paid-up ordinary shares in the capital of Interplex Holdings Ltd. On 29 February 2016, Slater announced its firm intention to make offer at an offer price of S\$0.82 per share. The time reference for calculation of premia is 22 December 2015, being the last full trading day of the shares on the SGX-ST prior to the pre-conditional announcement.
23. On 28 March 2016, Sinochem International (Overseas) Pte. Ltd (“**SIO**”), a wholly-owned subsidiary of Sinochem International Corporation, announced a mandatory general offer for all shares in Halcyon Agri Corporation Ltd (“**HAC**”) other than those already owned, controlled or agreed to be acquired by SIO at an offer price of S\$0.75 per share. The time reference for calculation of premia for the first transaction is 8 September 2015, being the last full trading day prior to SGX-ST’s issuance of a query regarding trading activity of HAC’s shares.
24. On 7 March 2016, Vision Three Pte. Ltd (“**Vision Three**”) announced a voluntary unconditional cash offer to acquire all the issued ordinary shares in the capital of OSIM International Ltd other than those already owned, controlled or agreed to be acquired by the offeror, at an offer price of S\$1.32 per share. On 5 April 2016 Vision Three announced a revised offer price of S\$1.39 per share. The market premia are calculated based on the offer price of S\$1.39 per share. The time reference for calculation of premia is 29 February 2016, being the last full trading day of the shares on the SGX-ST prior to the date of a query by SGX-ST in relation to unusual trading activity.
25. On 9 May 2016, Eastern Overseas Limited announced a voluntary conditional cash offer to acquire all the issued and paid-up ordinary shares in the capital of China Merchants Holdings (Pacific) Limited other than those already owned, controlled or agreed to be acquired by the offeror, at an offer price of S\$1.02 per share. The time reference for calculation of premia is 5 May 2016, being the last full trading day of the shares on the SGX-ST prior to the holding announcement.
26. On 16 May 2016, Righteous Crane Holding Pte Ltd announced a voluntary conditional cash offer to acquire all the issued and paid-up ordinary shares in the capital of Eu Yan Sang International Ltd (“**EYSI**”) other than those already owned, controlled or agreed to be acquired by the offeror, at an offer price of S\$0.60 per share. The time reference for calculation of premia is 9 May 2016, being the last full trading day of the shares on the SGX-ST prior to the holding announcement.

Based on Chart 18, we note that:

- The implied premium of the Scheme Price is within the range of the Precedent Take-overs in Singapore for the premia to last transacted price (2.6 per cent. to 55.3 per cent.), 1-month VWAP (4.5 per cent. to 58.4 per cent.), 3-month VWAP (5.5 per cent. to 69.2 per cent.) and 6-month VWAP (7.4 per cent. to 101.2 per cent.); and
- The implied premia of the Scheme Price are below the overall mean and median of the Precedent Take-overs in Singapore for the premia to last transacted price (24.9 per cent. and 23.6 per cent. respectively), 1-month VWAP (31.0 per cent. and 32.3 per cent. respectively), 3-month VWAP (31.9 per cent. and 32.1 per cent. respectively) and 6-month VWAP (31.5 per cent. and 28.2 per cent. respectively).

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However, we note that between 15 July 2016 (prior to the release of the NRFF Announcement) and 20 July 2016, whilst the median broker target price fell 8.8 per cent. (described in Section 9.7 of this letter), a trading halt on the Company's shares was in effect, and that trading in the Shares only resumed on 21 July 2016 following the Joint Announcement. As such, trading in the shares and the resulting premia considered in our analysis does not reflect on an isolated basis the expected implication of the NRFF.

Furthermore, we note that based on SMRT's announcement dated 28 April 2016, SMRT's FY2016 final dividend of 2.5 cents, equal to approximately 1.5 per cent of the Scheme Price, had a record date (the date on which shareholders must be on the shareholder register in order to be entitled to receive the dividend) of 20 July 2016 and was paid on 4 August 2016. The share price prior to the Joint Announcement Date would typically reflect the value of the dividend, given it was proposed on 28 April 2016. No adjustment was made to historic share prices for the purpose of calculating the premium implied by the Scheme Price.

The Independent Directors should note that the level of premium (if any) an acquirer would normally pay in a merger or take-over transaction varies in different circumstances depending on, *inter alia*, the attractiveness of the underlying business to be acquired, the synergies (if any) to be gained by the acquirer from integrating the target company's businesses with its existing business, the possibility of significant revaluation of the assets to be acquired, the availability of substantial cash reserves, the liquidity in the trading of the target company's shares, the presence of competing bids for the target company, the form of consideration offered by an acquirer, the extent of control the acquirer already has in the target company and the prevailing market conditions and expectations.

The Independent Directors should also note that the comparison is made without taking into consideration the underlying liquidity of the shares of the relevant companies, the performance of the shares of the companies or the quality of earnings prior to the relevant announcement and the market conditions or sentiments when the announcements were made. Moreover, as the Company is not necessarily in the same industry and does not conduct the same businesses as the other target companies in Chart 18 (which includes, amongst others, real estate companies), it may not, therefore, be directly comparable to the target companies in terms of geographical spread of activities, composition of business activities, product lines, size of addressable market, scale of operations, asset intensity, financial leverage, risk profile, client base, accounting policies, track record, prospects and other relevant criteria. Accordingly, the Precedent Take-overs in Singapore may not provide a meaningful basis for comparison.

9.7 Broker Research Price Targets for the Shares

We have reviewed the price targets for the Shares estimated by broker research as set out in Bloomberg in Charts 19, 20 and 21. The Company is covered by 13 brokerage houses according to Bloomberg.

We note based on Chart 19, that on 14 July 2016, one day prior to the NRFF Announcement ("**Pre-NRFF Announcement**"), the median target price was S\$1.48 per share. Following the Pre-NRFF Announcement, and one day prior to the Joint Announcement, on 19 July

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2016 (“**Pre-Joint Announcement**”) the median target price was S\$1.35 per share. Accordingly, the median broker price target fell 8.8 per cent. following the NRFF Announcement. However we note that there was no share trading between the NRFF Announcement and the Joint Announcement whilst the Company’s shares were subject to a trading halt.

Chart 19. Broker Price Targets (Pre-NRFF Announcement and Pre-Joint Announcement)

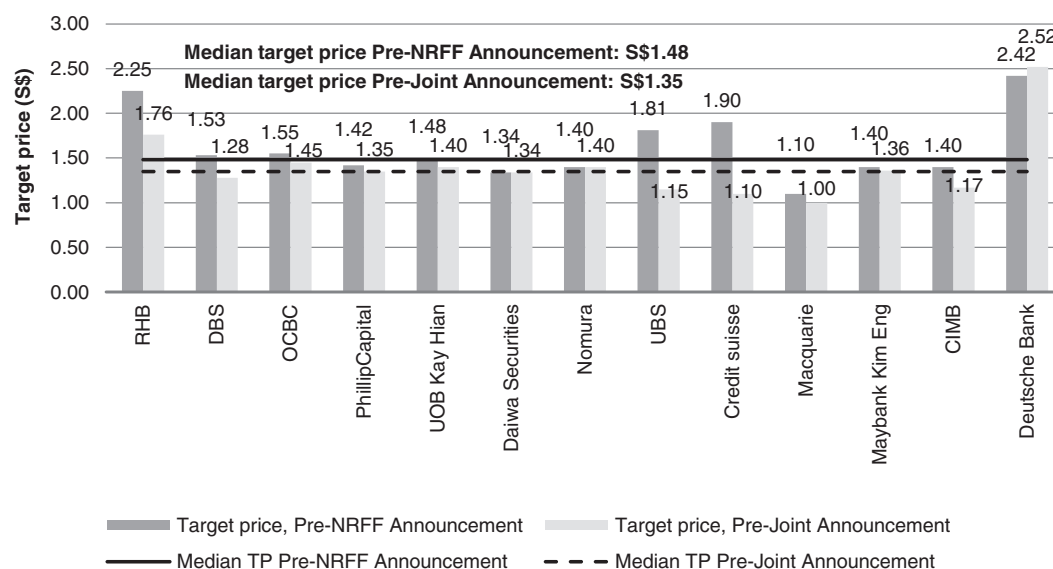
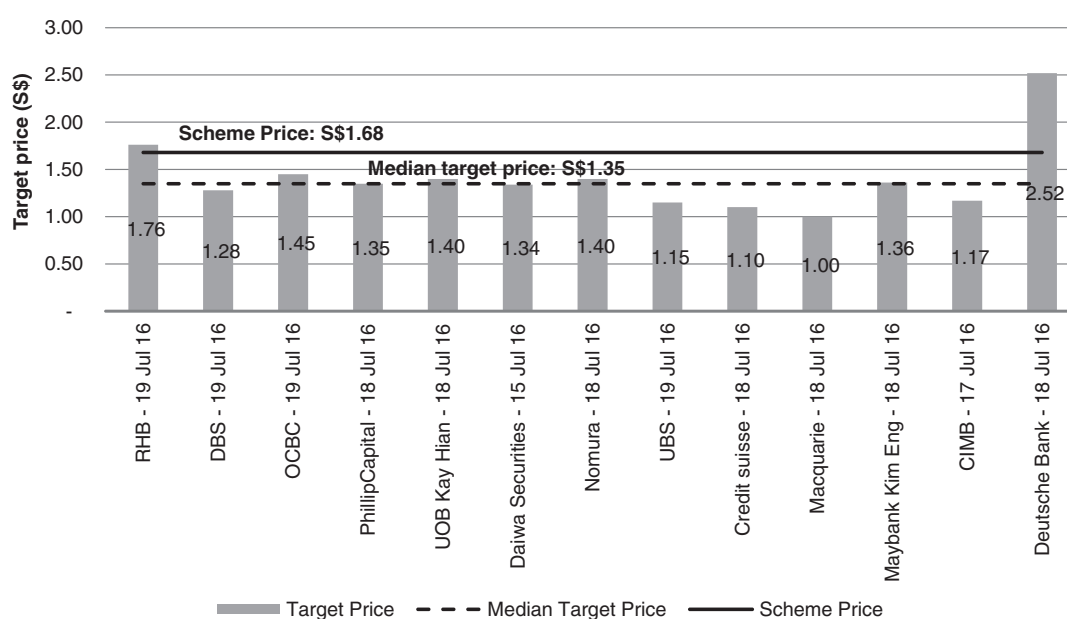


Chart 20. Broker Price Targets (pre-Joint Announcement Date)



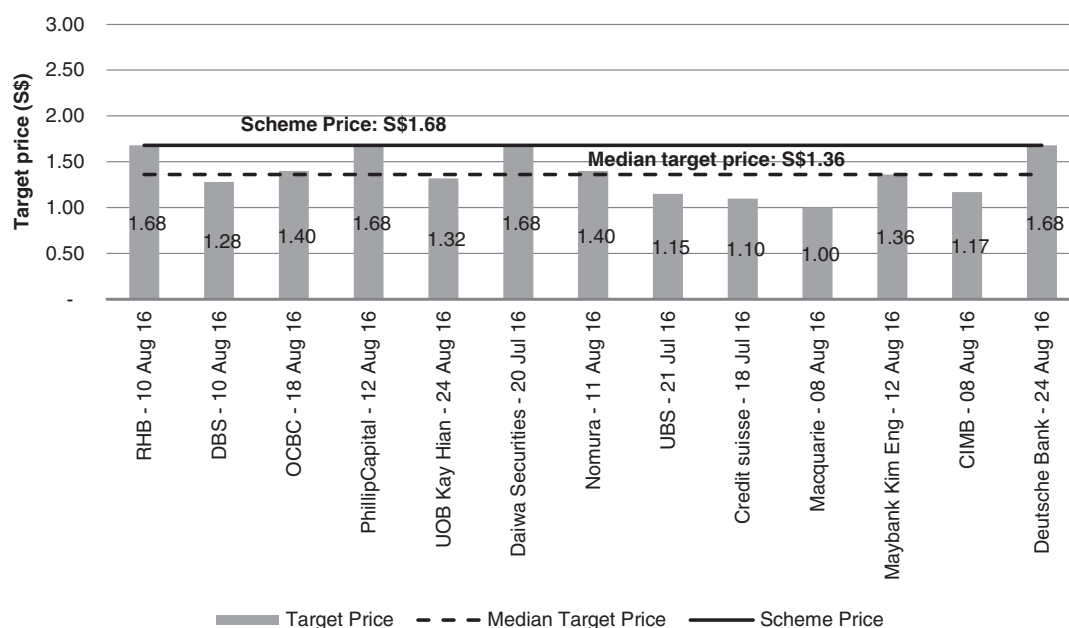
Source: Bloomberg, FactSet, broker research reports

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From the Joint Announcement Date to the Latest Practicable Date, 12 brokerage houses issued updated research reports on the Company, according to Bloomberg and FactSet data.

Chart 21. Broker Price Targets (Latest Practicable Date)



Source: Bloomberg, FactSet, broker research reports

Notes

1. Including Credit Suisse, which due to restrictions as a result of its role as financial adviser to the Offeror, did not publish an updated broker research report between the Joint Announcement Date and the Latest Practicable Date
2. DBS as per “fundamental target price” as stated in DBS report

Based on Charts 19, 20 and 21, we note that:

- The median broker price target fell 8.8 per cent. following the NRFF Announcement and prior to the Joint Announcement;
- The Scheme Price is at a premium of 24.4 per cent. to the median pre-Joint Announcement broker price target of S\$1.35; and
- The Scheme Price is at a premium of 23.5 per cent. to the median broker price target of S\$1.36 as of the Latest Practicable Date.

We wish to highlight that the above broker research report universe may not be exhaustive and price targets for the Shares and other statements and opinions contained in the reports within the universe used represent the individual views of the broker research analyst based on the circumstances (including, *inter alia*, market, economic, industry and monetary conditions as well as market sentiment and investor perceptions regarding the future prospects of the Company) prevailing at

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the date of the publication of the respective broker research reports. The opinions of the brokers may change over time as a result of, among other things, changes in market conditions, the Company's market development and the emergence of new information relevant to the Company. As such, the above price targets may not be an accurate prediction of future market prices of the Shares. Any opinions or price targets expressed in such broker research reports represent the individual views of the respective brokers and not of Rothschild.

9.8 Summary of Analyses set out in Sections 9.3 to 9.7

We have set out in Chart 22 below a summary of how the Scheme Price compares to the analyses set out in Sections 9.3 to 9.7.

Chart 22. Summary of Analyses											
							Offer Relative To ³				
					Company ³		Max-Min range		Mean-Median range		
Analysis	Max ¹	Min ¹	Mean ¹	Median ¹	As reported	Pro-forma	As reported	Pro-forma	As reported	Pro-forma	
Historical Trading Performance Analysis of the Company (x)											
Historical LTM EV/EBITDA	9.3x	7.4x	8.5x	8.4x	9.3x	11.8x	Within	Above	Above	Above	
Historical LTM EV/EBIT	25.3x	19.8x	22.1x	21.9x	23.5x	29.8x	Within	Above	Above	Above	
Historical LTM P/E	26.6x	19.6x	22.6x	22.3x	24.5x	47.9x	Within	Above	Above	Above	
Historical Latest P/NTA	2.9x	2.0x	2.5x	2.6x	2.8x	2.8x	Within	Within	Above	Above	
Trading Comparables Analysis (x)											
LTM EV/EBITDA	8.7x	5.5x	7.1x	7.0x	9.3x	11.8x	Above	Above	Above	Above	
LTM EV/EBIT	32.0x	9.8x	15.9x	13.8x	23.5x	29.8x	Within	Within	Above	Above	
LTM P/E	34.1x	9.1x	17.7x	15.8x	24.5x	47.9x	Within	Above	Above	Above	
LTM P/NTA	2.6x	2.0x	2.3x	2.3x	2.8x	2.8x	Above	Above	Above	Above	
Precedent Transactions Analysis (x)											
LTM EV/EBITDA		7.5x			9.3x	11.8x	Above	Above	Above	Above	
LTM EV/EBIT		21.5x			23.5x	29.8x	Above	Above	Above	Above	
LTM P/E		21.2x			24.5x	47.9x	Above	Above	Above	Above	
LTM P/NTA		5.6x			2.8x	2.8x	Below	Below	Below	Below	
Precedent Take-overs Analysis (%)											
Premium to Last Trading Day	55.3%	2.6%	24.9%	23.6%	8.7%		Within			Below	
Premium to 1-month VWAP	58.4%	4.5%	31.0%	32.3%	10.8%		Within			Below	
Premium to 3-month VWAP	69.2%	5.5%	31.9%	32.1%	10.7%		Within			Below	
Premium to 6-month VWAP	101.2%	7.4%	31.5%	28.2%	8.7%		Within			Below	
Broker Research Price Targets for the Shares (\$\$)											
Pre-Offer Ann. Date	2.52	1.00	1.41	1.35	1.68		Within			Above	
Latest Practicable Date	1.68	1.00	1.38	1.36	1.68		Within			Above	

Notes

- 1 Maximum, minimum, mean and median of the respective benchmark
- 2 Implied by the Scheme Price
- 3 Parameters implied by Scheme Price relative to the minimum and maximum, mean and median range of the respective benchmarks

Based on Chart 22, we note that the metrics implied by the Scheme Price on both a reported and pro-forma basis are either above or within the maximum and minimum, mean and median range implied by all analyses set out in Chart 22, with the exception of the Precedent Take-overs Analysis, where the premia implied by the Scheme Price is below the mean and medium range when compared to the Premium to Last Trading Day, 1-month, 3-month and 6-month VWAPs, and the Precedent Transaction Analysis, where the pro-forma and reported P/NTA implied by the Scheme Price is below the P/NTA of the Selected Precedent Transaction.

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10. OTHER CONSIDERATIONS

10.1 Licence period under the NRFF

The Group's rail business operates MRT and LRT lines in Singapore under licences which have a defined licence period. Under the new NRFF arrangements, the term for which the Group will have the right to operate the North-South and East-West Lines, the Circle Line, and the Bukit Panjang LRT Line will reduce from up to 60 years (including possible extension periods) under the CRFF to 15 years (with the possibility of a 5 year extension subject to mutual agreement) under the NRFF.

We note that the valuation methodologies applied in our analysis implicitly assume the Company continues to generate earnings without any defined timeframe or time limit to their ability to do so.

Accordingly, we have sought to consider the potential impact of the shorter licence period to our analysis, by also considering a discounted cash flow ("**DCF**") analysis using the Ancillary Financial Information provided to us by the Company and/or its professional advisers.

Using these projections and discount rates calculated using the capital asset pricing model; we have performed DCF analysis of the Company under two scenarios:

- (a) Assuming that the Group is able to renew its rail licence after 15 years indefinitely, accordingly, the Group is treated as a going concern and hence we apply a terminal value in our DCF; and
- (b) Assuming that the Group is unable to renew its rail licence at the end of the initial 15 year period, and hence no terminal value is applied.

Without prejudice to the terms of reference set out in Section 3 above, note that in relation to the projections contained in the Ancillary Financial Information, we have relied upon and assumed, inter alia, the accuracy and completeness of all information that was furnished to or discussed with us by the Company and/or its professional advisers, and we have not independently verified (nor have we assumed responsibility or liability for independently verifying) any such information or its accuracy or completeness or adequacy. We do not represent or warrant, expressly or impliedly, and do not accept or assume any responsibility for, the accuracy, completeness or adequacy of such information.

Based on the Ancillary Financial Information provided by the Company and/or its professional advisers, the results from our DCF analysis under the two scenarios supports the Scheme Price offered by the Offeror.

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10.2 Singapore bus regulatory regime

We also note from the news release dated 21 May 2014 by the LTA, that in the bus segment, there has also been a change in the regulatory regime where the LTA intends to restructure the public bus industry to one where it contracts bus operators to operate bus services through a competitive tendering process ("**Government Contracting Model**"). Under the Government Contracting Model, LTA will determine the bus services to be provided and the service standards, and bus operators will bid for the right to operate these services. Bus operators will be paid fees to operate the services, while fare revenue will be retained by the Government.

Further, bus services in Singapore will be bundled into twelve bus packages with about 300-500 buses each. LTA have completed the tender process for the first two packages¹ and have recently called for the tender of the third bus package under the Government Contracting Model on 7 June 2016. The other nine bus packages, comprising the remaining 80% of existing buses, will continue to be operated by the incumbent operators. LTA will negotiate with the incumbents to run the nine packages under the Government Contracting Model, for durations of about five years when their Bus Service Operating Licences expire on 31 August 2016. After these negotiated contracts expire, more bus services will be gradually tendered out.

SMRT, through its wholly owned subsidiary, SMRT Buses Ltd. ("**SMRT Buses**"), is an incumbent operator which is currently running the Sembawang-Yishun, Choa Chu Kang-Bukit Panjang and Woodlands bus packages covering 77 bus services.

On 11 August 2016, SMRT announced that SMRT Buses had entered into a master framework for bus services agreement ("**MFA**"), as well as three negotiated bus services contracts ("**Negotiated Contracts**") in relation to the Sembawang-Yishun bus package, the Choa Chu Kang-Bukit Panjang bus package and the Woodlands bus package with the LTA in relation to the operation of public bus services by SMRT Buses ("**Bus Services**").

The initial duration of the Negotiated Contracts range between four to seven years ("**Initial Period**"), and may be extended at the sole discretion of LTA for such period as LTA may determine after taking into consideration the performance of SMRT Buses in providing the Bus Services under the Negotiated Contracts.

Under each Negotiated Contract, SMRT Buses will operate buses that it owns, as well as buses that are leased from LTA for the provision of the Bus Services. SMRT Buses will also operate and manage the bus interchanges and bus depots that are used for the provision of the Bus Services. LTA will determine the Bus Services to be provided and the service standards, and SMRT Buses will be paid a service fee to operate the Bus Services, while fare revenue will be retained by the Singapore Government. SMRT Buses' performance will be assessed annually under an incentive-disincentive framework based on certain variables including key performance indicators such as bus service reliability, bus punctuality and maintenance standards. Loans may also be extended by LTA to SMRT

¹ On 8 May 2015, the LTA has awarded the contract for the first bus package to Tower Transit Group Limited, which will operate the new Bulim Bus Depot and 26 bus services from the Jurong East, Bukit Batok and Clementi Bus Interchanges. On 23 Nov 2015, the LTA has awarded the contract for the second bus package to The Go-Ahead Group Plc, which will operate the Loyang bus package of 25 bus services

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Buses for the purpose of financing certain costs such as costs of replacement or refurbishment of the bus depot operating equipment as well as additions or alteration works to the bus depots and bus interchanges operated and managed by SMRT Buses.

Pursuant to the foregoing, we note that, the future business profile of SMRT's bus segment under the Negotiated Contracts may differ from what it is currently. Furthermore there remains uncertainty relating to SMRT's bus segment given that LTA may re-tender the contracts at the end of the Initial Period. It is not possible to assess what the financial impact on the Company may be at this time based on publicly available information and the Ancillary Financial Information, furthermore, we note that SMRT's bus segment represented less than 5 per cent. of SMRT's total profit from operations in FY2016. As such, we have not factored these changes into our analysis.

10.3 Increase in number of maintenance employees

As part of the Joint Announcement, the Company announced that as a result of new Maintenance Performance Standards, to be introduced by the LTA under the NRFF, SMRT Trains intends to employ or allocate at least 700 additional maintenance headcount (or equivalent to approximately 20 per cent increase) over the next three years.

The Company has represented to us that the pro-forma numbers provided to us in the Ancillary Financial Information, as set out in Section 2 do not include the additional costs associated with the additional employees. If the additional costs were included, the multiples implied by the Scheme Price would increase, which would further support the Scheme Price.

10.4 Rationale for the Scheme

The rationale for the Scheme is set out in Appendix 2 of the Scheme Document.

We note that the Offeror and Temasek believe that the privatisation of the Company via the Scheme will:

- (a) provide the Company with greater flexibility to focus on its primary role of delivering safe and high quality rail service, without the short term pressures of being a listed company, in the midst of its transition to a new regulatory framework under the NRFF;
- (b) better enable the Offeror and Temasek to closely support the Company as it retools and reinforces its core skillsets in operations, engineering and maintenance;
- (c) allow minority Shareholders to monetise their holdings through the Scheme and avoid the uncertainties of regulatory transition to the NRFF; and
- (d) remove all costs and distractions associated with the Company's listing requirements, including quarterly reporting requirements.

Additionally, the Scheme will offer Scheme Shareholders the opportunity to realise their investment in the Company for a cash consideration upon the Scheme becoming effective and binding in accordance with its terms.

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10.5 No increase in Scheme Price

On 21 July 2016, the Company and the Offeror jointly announced that the Offeror does not intend to increase the Scheme Price.

10.6 Delisting

As stated in the Scheme Document, on the date on which the Scheme becomes effective and binding in accordance with its terms, the Company will become a wholly-owned subsidiary of Temasek, and will, subject to the approval of the SGX-ST, be delisted from the Official List of the SGX-ST.

10.7 Scheme Conditions

The Scheme is subject to certain conditions as referred to in Paragraph 6 (*Explanatory Statement*) of the Scheme Document, the excerpts of which are set out in Section 3 of this letter.

10.8 Material Litigation

It is stated in the Appendix 3 to the Scheme Document that:

As at the Latest Practicable Date:

- (a) *none of the Group Companies is engaged in any material litigation or arbitration proceedings, as plaintiff or defendant, which might materially and adversely affect the financial position of the Group taken as a whole; and*
- (b) *the Directors are not aware of any proceedings pending or threatened against any of the Group Companies or of any facts likely to give rise to any proceedings which might materially or adversely affect the financial position of the Group taken as a whole.*

10.9 Dividend

We note that the Company has paid a dividend of 2.20 cents, 3.25 cents and 4.00 cents per Share for the financial years ended 31 March 2014, 31 March 2015, and 31 March 2016 respectively. Based on the Scheme Price, this implies a dividend yield of 1.3 per cent., 1.9 per cent. and 2.4 per cent. respectively.

Scheme Shareholders should note that the past dividend payouts of the Company should not in any way be relied upon as an indication or a promise of its future dividend payout.

We note that the Company stated in the NRFF Announcement that it does not intend to use the net proceeds from the Proposed Sale to pay a special dividend to shareholders.

We also note save for the FY2016 final dividend paid on 4 August 2016, the Company currently does not intend to declare any other distributions pending the completion or termination of the Scheme, but if it does so, the Offeror reserves the right to reduce the Scheme Price by the amount of such distribution.

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10.10 No alternative offer

As at the Latest Practicable Date, there is no publicly available evidence of any alternative offer for the Shares.

10.11 Restrictions following lapse of Scheme

Pursuant to Rule 33.1 of the Code, in the event that the Scheme does not become effective and binding in accordance with its terms, is withdrawn or lapses, neither the Offeror, any persons who acted in concert with it in the course of the Scheme nor any person who is subsequently acting in concert with any of them may within 12 months from the date on which the Scheme is withdrawn or lapses: (i) announce an offer or possible offer for the Company; or (ii) acquire any voting rights of the Company if the Offeror or any persons acting in concert with it would thereby become obliged under Rule 14 of the Code to make an offer.

11. CONCLUSION

In arriving at our opinion and our advice to the Independent Directors, we have taken into consideration and relied upon, inter alia, the following key considerations and factors which should be read in conjunction with, and interpreted, in the full context of this letter:

- (a) The Acquisition is by way of a Scheme, under which if effected, each Scheme Shareholder will be entitled to receive S\$1.68 per Scheme Share;
- (b) On the date on which the Scheme becomes effective, the Company will become a wholly-owned subsidiary of Temasek, and will, subject to the approval of the SGX-ST, be delisted from the Official List of the SGX-ST shortly thereafter;
- (c) The Shares have adequate liquidity and broker research coverage. The historical Share prices of the Company provide a reasonable basis against which to compare the Scheme Price;
- (d) The closing prices of the Shares have traded between S\$1.02 and S\$1.80 over the 3-year period prior to the Joint Announcement Date;
- (e) Subsequent to the Joint Announcement Date and up to the Latest Practicable Date, the closing prices of the Shares have traded between S\$1.63 and S\$1.65;
- (f) The Scheme Price represents a premium of approximately 10.8 per cent., 10.7 per cent., 8.7 per cent., and 15.5 per cent. respectively over the VWAP of the Shares in the 1-month, 3-month, 6-month and 12-month periods preceding the Joint Announcement Date;
- (g) The Scheme Price represents a premium of approximately 8.7 per cent. to the closing price of S\$1.55 on the Last Trading Day;

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- (h) The implied last twelve months LTM EV/EBITDA, LTM EV/EBIT, LTM P/E, historical latest P/NTA multiples of the Scheme Price on a pro-forma and as reported basis are above the Company's mean multiples for the 12-month period prior to the Joint Announcement Date;
- (i) The implied multiples of the Company are above both the overall mean and median of the Comparable Companies across LTM EV/EBITDA (7.1 times and 7.0 times), LTM EV/EBIT (15.9 times and 13.8 times), LTM P/E (17.7 times and 15.8 times) and Latest P/NTA (both 2.3 times);
- (j) The implied multiples of the Company are above the level of the Selected Precedent Transaction across LTM EV/EBITDA (7.5 times), LTM EV/EBIT (21.5 times) and LTM P/E (21.2 times), and below the level of Selected Precedent Transaction with respect to Latest P/NTA (5.6 times);
- (k) The implied premia of the Scheme Price are within the range of the premia on Selected Precedent Take-overs in Singapore for last transacted price (2.6 per cent. to 55.3 per cent.), 1-month VWAP (4.5 per cent. to 58.4 per cent.), 3-month VWAP (5.5 per cent. to 69.2 per cent.) and 6-month VWAP (7.4 per cent. to 101.2 per cent.);
- (l) The implied premium of the Scheme Price is below the overall median of the premia on Selected Precedent Take-overs in Singapore for last transacted price (23.6 per cent.), 1-month VWAP (32.3 per cent.), 3-month VWAP (32.1 per cent.) and 6-month VWAP (28.2 per cent.);
- (m) Broker research price targets ranged from S\$1.00 to S\$2.52 prior to the Joint Announcement Date. The Scheme Price represents a premium of approximately 24.4 per cent. to the median broker research price target of S\$1.35 prior to the Joint Announcement Date; and
- (n) Broker research price targets ranged from S\$1.00 to S\$1.68 for reports as of the Latest Practicable Date. The Scheme Price represents a premium of approximately 23.5 per cent to the median broker research target price of S\$1.36 as of the Latest Practicable Date.

In rendering our opinion, we have not had regard to any general or specific investment objectives, financial situations, risk profiles, tax positions or particular needs or constraints of any specific Scheme Shareholder and we neither assume any responsibility for, nor hold ourselves out as advisers to any person other than the Independent Directors.

Our opinion is only based on a financial analysis and does not incorporate any assessment of commercial, legal, tax, regulatory or other matters. Our opinion also does not incorporate an assessment of the price at which the Shares may trade following the success or failure of the Scheme. Such factors are beyond the ambit of our review and do not fall within our terms of reference in connection with the Scheme.

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Based upon and subject to the foregoing, we are of the opinion that, as at the Latest Practicable Date the terms of the Scheme from a financial point of view are **FAIR AND REASONABLE** so far as the Scheme Shareholders are concerned. Accordingly, we advise the Independent Directors to recommend that the Scheme Shareholders **VOTE IN FAVOUR** of the Scheme at the Scheme Meeting or sell their Scheme Shares in the open market if they are able to obtain a price higher than the Scheme Price (after netting off the related transaction expenses).

We wish to emphasise that we have been appointed to render our opinion as of the Latest Practicable Date. Our terms of reference do not require us to express, and we do not express, an opinion on the future growth prospects of the Company. This letter is addressed to the Independent Directors solely for their benefit in connection with and for the purpose of their consideration of the Scheme, and should not be relied on for any other purpose. Nothing herein shall confer or be deemed or is intended to confer any right or benefit to any third party and the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore shall not apply. The recommendations made by the Independent Directors to the Scheme Shareholders in relation to, respectively, the Scheme, remain the responsibility of the Independent Directors.

This letter is governed by, and construed in accordance with the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter. No other person may use, reproduce, disseminate or quote this letter (or any part thereof) for any other purpose at any time and in any manner except with Rothschild's prior written consent in each specific case.

Yours faithfully,

For and on behalf of
ROTHSCHILD (SINGAPORE) LIMITED

Oliver Goetz
Managing Director

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LETTER FROM THE OFFEROR TO THE SHAREHOLDERS

BELFORD INVESTMENTS PTE. LTD.

(Incorporated in Singapore)
(Company Registration No. 201615823Z)

6 September 2016

To: The Shareholders of SMRT Corporation Ltd

Dear Sir/Madam

PROPOSED ACQUISITION BY BELFORD INVESTMENTS PTE. LTD. OF THE ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF SMRT CORPORATION LTD BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 210 OF THE COMPANIES ACT, CHAPTER 50 OF SINGAPORE

1. INTRODUCTION

- 1.1 **Joint Announcement.** On 20 July 2016 (the “**Joint Announcement Date**”), Belford Investments Pte. Ltd. (the “**Offeror**”), a wholly-owned subsidiary of Temasek Holdings (Private) Limited (“**Temasek**”), and SMRT Corporation Ltd (the “**Company**”, and together with its subsidiaries, the “**Group**”) made a joint announcement (the “**Joint Announcement**”) in relation to the proposed acquisition (the “**Acquisition**”) by the Offeror of all the issued and paid-up ordinary shares in the capital of the Company (the “**Shares**”) (other than those already held by the Offeror’s parent, Temasek) (the “**Scheme Shares**”) from the shareholders of the Company (“**Shareholders**”) other than Temasek (the “**Scheme Shareholders**”). The Acquisition will be effected by way of a scheme of arrangement (the “**Scheme**”) under Section 210 of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”) and in accordance with the Singapore Code on Take-overs and Mergers (the “**Code**”) and the terms and conditions of the Implementation Agreement (as defined below).
- 1.2 **Implementation Agreement.** In connection with the Acquisition, the Company and the Offeror have on the Joint Announcement Date entered into an implementation agreement (the “**Implementation Agreement**”) setting out the terms and conditions on which the Offeror and the Company will implement the Scheme.
- 1.3 **Scheme Document.** This letter from the Offeror (the “**Offeror’s Letter**”) to the Shareholders should be read and construed together with, and in the context of, the scheme document dated 6 September 2016 (the “**Scheme Document**”) issued by the Company to Shareholders containing details of the Scheme.
- 1.4 **Terms and references.** Unless otherwise stated, terms and references used but not defined in this Offeror’s Letter shall have the same meaning and construction as defined in the Scheme Document.

If you are in doubt about this Offeror’s Letter, the Scheme or the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

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2. THE ACQUISITION AND THE SCHEME

2.1 **Terms of the Scheme.** As stated in the Scheme Document, the Acquisition will be effected by way of the Scheme. The Scheme will involve, amongst other things, the following:

- (a) upon the Scheme becoming effective and binding in accordance with its terms, all the Scheme Shares held by the Entitled Scheme Shareholders will be transferred to the Offeror fully paid, free from all Encumbrances and together with all rights, benefits and entitlements as at the Joint Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (“**Distributions**”) (if any) declared, made or paid by the Company on or after the Joint Announcement Date but excluding the right to receive and retain the FY2016 Final Dividend (as defined below). The Offeror will not be reducing the Scheme Price by the amount of the FY2016 Final Dividend;
- (b) in consideration for such transfer to the Offeror, each Entitled Scheme Shareholder will be entitled to receive the Scheme Price of **S\$1.68 in cash** for each Scheme Share held by such Entitled Scheme Shareholder; and
- (c) the Scheme will also be extended to all Scheme Shares unconditionally issued on or prior to the Books Closure Date pursuant to the valid vesting of any Awards.

2.2 **No increase of Scheme Price.** On 21 July 2016, the Company and the Offeror jointly announced that the Offeror does not intend to increase the Scheme Price.

2.3 Dividends.

- (a) The Company approved the final (tax exempt one-tier) dividend of 2.50 cents per Share for the financial year ended 31 March 2016 (“**FY2016 Final Dividend**”) at its annual general meeting held on 5 July 2016, and which was paid by the Company to all entitled Shareholders on 4 August 2016. As stated in paragraph 2.1(a) above, the Offeror will not be reducing the Scheme Price by the amount of the FY2016 Final Dividend.
- (b) Save for the FY2016 Final Dividend, if any other Distributions are declared, made or paid by the Company pending the completion or termination of the Scheme (as the case may be), the Offeror reserves the right to reduce the Scheme Price by the amount of such Distribution.

2.4 **Scheme Conditions.** The Scheme is conditional upon the satisfaction (or, where applicable, waiver) of a number of conditions precedent (the “**Scheme Conditions**”) by 31 December 2016 (or such other date as the Company and the Offeror may agree in writing) (the “**Long-Stop Date**”). Additional information on the Scheme Conditions is set out in paragraph 6.1 of the Explanatory Statement. The Scheme Conditions are reproduced in Appendix 10 to the Scheme Document. Scheme Shareholders should note that if any of the Scheme Conditions are not satisfied (or where applicable, waived) by the Long-Stop Date, the Scheme will not become effective and binding in accordance with its terms.

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- 2.5 **Effect of termination.** In the event of termination of the Implementation Agreement by either the Offeror or the Company pursuant to the terms of the Implementation Agreement, the Implementation Agreement shall terminate (except for certain surviving provisions such as those relating to confidentiality, costs and expenses and governing law) and there shall be no other liability on the part of either the Company or the Offeror. Any termination of the Implementation Agreement shall be without prejudice to any rights which a party may have against the other party for any breach by that other party prior to the termination of the Implementation Agreement.

3. DELISTING

Upon the Scheme becoming effective and binding in accordance with its terms, the Offeror will hold 100% of the Scheme Shares, comprising approximately 45.99%¹ of the Shares, and Temasek will hold (directly and indirectly) 100% of the Shares. Accordingly, the Company will become a wholly-owned subsidiary of Temasek.

An application was made to seek approval-in-principle from the SGX-ST for the proposed delisting of the Company from the Official List of the SGX-ST upon the Scheme becoming effective and binding in accordance with its terms. The SGX-ST has, on 24 August 2016, advised that it has no objection to the Company's application for delisting from the Official List of the SGX-ST, subject to:

- (a) compliance with the SGX-ST's listing requirements;
- (b) approval of the Scheme by a majority in number of Scheme Shareholders present and voting, either in person or by proxy, at the Scheme Meeting, such majority representing not less than three-fourths in value of the Scheme Shares voted at the Scheme Meeting; and
- (c) the Court's approval being obtained for the Scheme.

The above decision of the SGX-ST is not to be taken as an indication of the merits of the Scheme, the delisting of the Company from the Official List of the SGX-ST, the Company, its subsidiaries and/or their securities.

4. RATIONALE FOR THE SCHEME AND FUTURE PLANS FOR THE COMPANY

Background: New Rail Financing Framework ("NRFF")

- 4.1 **NRFF Announcement.** Based on the Company's NRFF Announcement:

- (a) under the current rail financing framework ("**CRFF**"), the Company is expected to fund all additions, renewals and replacements relating to operating assets, and bears all revenue and cost risks. The Company has estimated that aggregate capital expenditure obligations could reach up to S\$2.8 billion over the next five years;

¹ Based on a total of 1,526,516,090 Shares, being the number of Shares in issue as at the Latest Practicable Date.

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- (b) the NRFF is a more sustainable model, as it:
 - (i) **relieves the Company of its heavy capital expenditure obligations** by transferring the responsibility for the addition, replacement and upgrading of operating assets for an expanded network to the Land Transport Authority of Singapore ("**LTA**"); and
 - (ii) **reduces the business risk of the Company** by offering some future protection in terms of fare revenue and risk mitigation;
- (c) under the NRFF, the licence charge is structured to enable SMRT Trains Ltd ("**SMRT Trains**") to share with the LTA the risks and rewards associated with uncertainties in relation to revenue from fare collection and fluctuations in operating costs. For example, the NRFF licence charge structure provides a profit sharing mechanism based on an earnings (before interest and tax) ("**EBIT**") cap and collar set at 5% and 3.5% respectively;
- (d) however, **there is no certainty that SMRT Trains will earn a composite (fare and non-fare) EBIT margin of about 5%**. The eventual profitability of SMRT Trains will be dependent on several factors, many of which are outside the control of SMRT Trains and/or which SMRT Trains is unable to project or predict with any certainty. The Company has set out in its statement on the NRFF Announcement a sensitivity analysis of the impact of fluctuations in fare revenue and operating expenses to the FY2016 EBIT margin of SMRT Trains under the NRFF licence for illustrative purposes. Extracts from the NRFF Announcement (including the Appendix to the NRFF Announcement) relating to the EBIT margin sensitivity analysis are set out in the Joint Announcement and Schedule 1 of this Offeror's Letter;
- (e) in addition, under the NRFF, the LTA will introduce new Maintenance Performance Standards ("**MPS**") to improve maintenance performance and reliability of the rail system. As a result, SMRT Trains will continue to employ or allocate at least 700 additional maintenance headcount (or equivalent to approximately 20% increase), over the next three years. Over the last three years, SMRT Trains had already increased its technical workforce by 30%; and
- (f) total consideration payable to the Group under the Proposed NRFF Transaction is approximately S\$991 million. The Group will be required to pay the Inland Revenue Authority of Singapore approximately S\$159 million as a tax payable on the difference between the sales proceeds and the residual capital allowances relating to the operating assets. For prudence, the Company also intends to use a substantial amount of the remaining net proceeds to retire part of its existing debt (the debt is expected to be approximately S\$762 million as of 30 September 2016).

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Rationale

4.2 **Business risks for the Company under the NRFF.** Temasek and the Company accept the NRFF as part of a regulatory transition. However, there remain several significant business risks for the Company even under the NRFF:

- (a) there remains uncertainty over fare increases and ridership, two of the main drivers of the revenue in SMRT Trains. Historically, actual fares have not increased in accordance with the cumulative maximum fare allowable based on the prescribed fare adjustment formula. Fares will continue to be set by the Public Transport Council (“PTC”). Fare levels and revenue will continue to be dependent on a myriad of factors that are primarily beyond the control of SMRT Trains and/or which SMRT Trains is unable to project or predict with accuracy. These include, among others, what the PTC will decide in relation to future fare adjustments, as well as ridership of new lines in the network; and
- (b) the profit cap and collar mechanism is asymmetrical as the LTA will share the excess margin via a tiered structure, up to a maximum of 95% of the incremental composite (fare and non-fare) EBIT margin exceeding 5% while the LTA’s sharing of downside risks is limited to the quantum of the licence charge payable by SMRT Trains for the financial year. In addition, even though SMRT Trains has been relieved of its capital expenditure burden under the NRFF, a relatively high licence charge is payable by SMRT Trains, which has been structured by the LTA to allow SMRT Trains to achieve a composite (fare and non-fare) EBIT margin of about 5%. This is lower than SMRT Trains’ last five fiscal years’ average EBIT margin of 16%.

4.3 **Key focus areas for the Company.** The Company is expected to face challenges in the regulatory environment with costs and uncertainties associated with an ageing network, which needs to be upgraded, alongside significant network expansion plans. The Company will also need to focus on delivering on existing and new multi-year programmes including the need to deliver a higher order of rail reliability and service in line with the heightened MPS to be determined by the LTA. The Company will need to:

- (a) reinforce its core engineering capabilities, by increasing maintenance headcount as set out in paragraph 4.1(e) above and deepening the skillset of its engineering personnel;
- (b) enhance commuter experience through further development and training of service staff to boost service quality;
- (c) implement additional condition monitoring tools to enhance rail reliability; and
- (d) continue to develop a best-in-class asset management system to recommend timely renewal of assets.

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- 4.4 **Rationale for privatisation.** Accordingly, the Offeror and Temasek believe that the privatisation of the Company will:
- (a) provide the Company with greater flexibility to focus on its primary role of delivering safe and high quality rail service, without the short term pressures of being a listed company, in the midst of its transition to a new regulatory framework under the NRFF;
 - (b) better enable the Offeror and Temasek to closely support the Company as it retools and reinforces its core skillsets in operations, engineering and maintenance;
 - (c) allow minority Shareholders to monetise their holdings through the Scheme and avoid the uncertainties of regulatory transition to the NRFF; and
 - (d) remove all costs and distractions associated with the Company's listing requirements, including quarterly reporting requirements.
- 4.5 **Opportunity for Scheme Shareholders.** The Scheme will offer Scheme Shareholders the opportunity to realise their investment in the Company for a cash consideration upon the Scheme becoming effective and binding in accordance with its terms.

Future plans

- 4.6 **Future plans of the Offeror for the Company.** The Offeror and Temasek will support the Company to focus on its core role of delivering safe, high quality and reliable rail service in Singapore, and ensuring high standards of operational excellence. The Offeror and Temasek have no current intention to (a) introduce any major changes to the existing business of the Company; (b) re-deploy the fixed assets of the Company apart from any redeployment arising from or which is necessary as a result of the NRFF or the Government Contracting Model for the public bus industry announced by the LTA in 2014; or (c) discontinue the employment of existing employees of the Company or the Group other than in the ordinary course of business. The Offeror and Temasek retain the flexibility at any time to consider any options and opportunities which may present themselves and which it may regard to be in the interests of the Company and/or the Group.

5. FINANCIAL EVALUATION OF THE SCHEME PRICE

- 5.1 **Implied price to earnings ratio.** The Scheme Price of S\$1.68 for each Scheme Share implies a price to earnings ratio ("PER") of 34.1x to 64.2x, based on the Company's illustrative FY2016 Profit After Tax and Minority Interests ("PATMI"). An **illustrative range** of SMRT Trains' composite (fare and non-fare) EBIT margins under NRFF as derived from the Company's sensitivity analysis in the Appendix to the NRFF Announcement is reproduced in Table C of Schedule 2 of this Offeror's Letter.

The range of implied PER (x) based on the Scheme Price is presented in Table 1 below.

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Table 1: Illustrative range of implied FY2016 PER (x) based on the Scheme Price²

		Variation on Operating Expenses of SMRT Trains (Net of Other Operating Income (“OOI”) of SMRT Trains)				
		-10%	-5%	0%	+5%	+10%
Variation on Fare Revenue of SMRT Trains	+5%	34.1	34.7	35.4	36.1	38.4
	+2%	34.8	35.5	36.2	36.9	46.8
	0%	35.4	36.0	36.7	37.8	51.8
	-2%	35.9	36.6	37.3	43.8	58.0
	-5%	38.7	38.7	38.7	47.8	64.2
Note The above range of implied PER (x) is calculated by dividing the Implied Equity Value (Scheme Price multiplied by total Shares outstanding) over the illustrative resultant range of the Company's FY2016 PATMI under the NRFF assumptions, as presented in Table D of Schedule 2 of this Offeror's Letter.						

5.2 Premia over historical PER. The implied PER range of 34.1x to 64.2x, based on the Scheme Price, translates to a premium over the following relevant historical PERs of the Company:

- (a) 58.7% to 198.6% premia over the Last 12 Months' (“LTM”) PER of the Company as at 15 July 2016 (being the last day of trading prior to the Joint Announcement Date (the “**Last Trading Day**”)) of approximately 21.5x³; and
- (b) 52.3% to 186.6% premia over the average LTM PER of the Company⁴ over the past one year prior to the Last Trading Day of approximately 22.4x⁵.

The LTM PER of the Company over the 12-month period prior to the Last Trading Day is presented in Figure A below.

² These are purely illustrative and do not nor are they intended to in any way constitute any form of profit guidance, forecast or estimate.

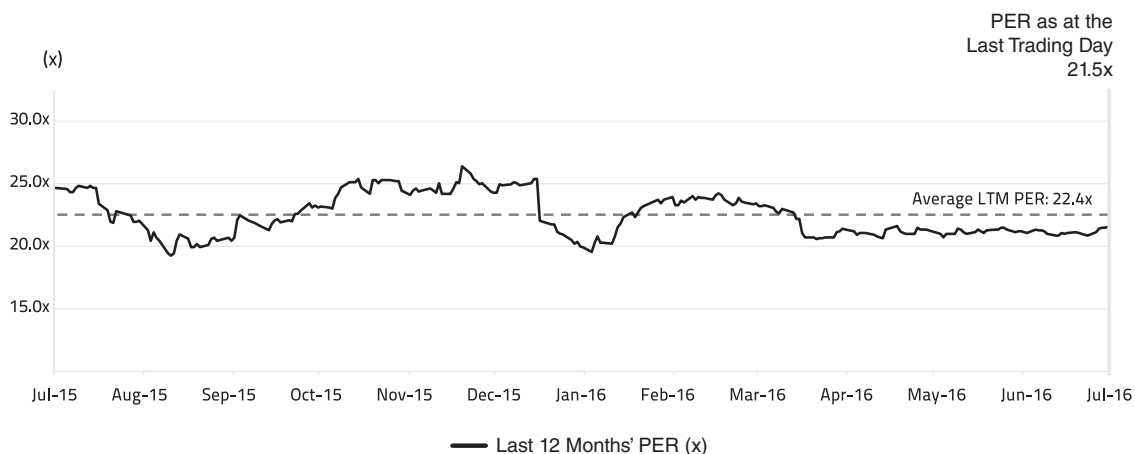
³ Based on the Company's FY2016 earnings. The figures set out in this paragraph 5.2 are based on data extracted from Bloomberg L.P. (“**Bloomberg**”) as at the Last Trading Day.

⁴ References in the Joint Announcement (as well as the joint media briefing and joint press release issued by the Offeror and the Company on the Joint Announcement Date) to the “average rolling LTM PER” of the Company should instead be references to the “average LTM PER” of the Company.

⁵ The figures set out in this paragraph 5.2 are based on data extracted from Bloomberg as at the Last Trading Day.

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Figure A: LTM PER of the Company over the 12-month period prior to the Last Trading Day



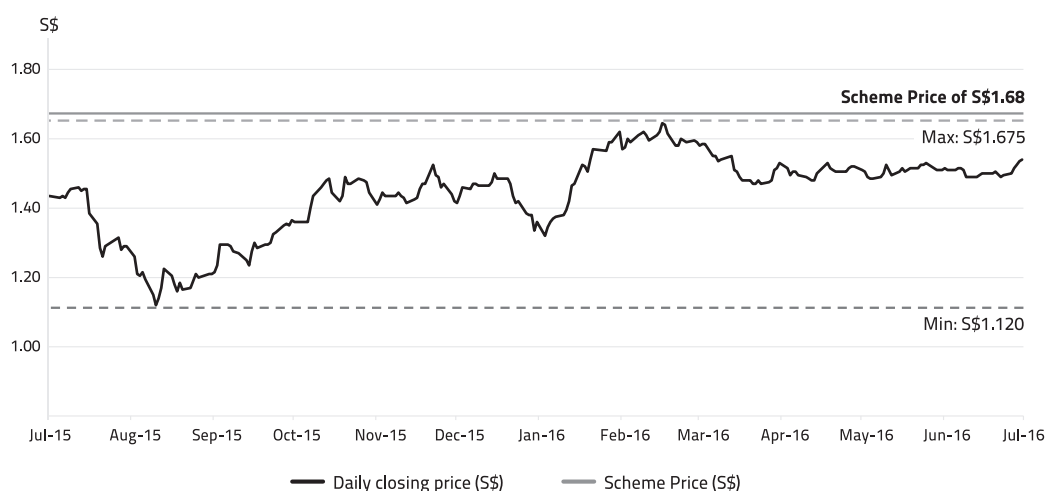
5.3 Premia over reference prices. The Scheme Price represents the following premia over the below reference prices of the Shares:

Description		Reference Price (S\$) ⁽¹⁾⁽²⁾	Premium/(Discount) to Reference Price (%) ⁽³⁾
(a)	Volume Weighted Average Price (“VWAP”) for the 12-month period prior to the Last Trading Day	1.454	15.5
(b)	VWAP for the six-month period prior to the Last Trading Day	1.545	8.7
(c)	VWAP for the three-month period prior to the Last Trading Day	1.517	10.7
(d)	VWAP for the one-month period prior to the Last Trading Day	1.516	10.8
(e)	Last transacted price per Share on the Last Trading Day	1.545	8.7
(f)	52-week high	1.675	0.3
(g)	52-week low	1.120	50.0
Notes			
(1) The figures set out in this paragraph 5.3 are based on data extracted from Bloomberg as at the Last Trading Day.			
(2) Rounded to the nearest three decimal places.			
(3) Rounded to the nearest decimal place.			

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- 5.4 **Closing price over 12-month period.** The Scheme Price is also above SMRT's highest traded Share price in the 12-month period prior to the Last Trading Day. The closing price of the Shares over the 12-month period prior to the Last Trading Day is presented in Figure B below.

Figure B⁶: Closing price per Share over the 12-month period prior to the Last Trading Day



- 5.5 **Closing price since the initial public offering.** Assuming a Shareholder had invested in the Shares at the initial public offering of the Shares in July 2000, the Scheme Price further translates to a realisation of an 11% annualised return⁷ on his investment. The closing price of the Shares since the initial public offering is presented in Figure C below.

Figure C⁸: Closing price per Share since initial public offering of the Shares in July 2000



⁶ The information set out in this Figure B is based on data extracted from Bloomberg as at the Last Trading Day.

⁷ Assuming that such Shareholder re-invests into the Shares all net cash dividends received from the Company over time.

⁸ The information set out in this Figure C is based on data extracted from Bloomberg as at the Last Trading Day.

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6. INFORMATION ON THE COMPANY

- 6.1 **Incorporation and listing.** The Company was incorporated in Singapore on 6 March 2000 and was listed on the Mainboard of the SGX-ST on 26 July 2000.
- 6.2 **Principal activities.** The Company is an investment holding company, and the Group provides multi-modal land transport services in Singapore and internationally. Its core businesses are in rail operations, maintenance and engineering as well as in bus, taxi and automotive services. Complementing these are its integrated businesses in retail, media and marketing, as well as properties and retail management. Additional information on the Company is set out in Appendix 3 to the Scheme Document.
- 6.3 **Material changes in the financial position.** Save for the information of the Company which is publicly available (including, without limitation, the unaudited consolidated financial statements of the Group for 1Q FY2017 and announcements which are released by the Company on SGXNET) and save as disclosed in the Scheme Document, there has not been, to the knowledge of the Offeror, any material change in the financial position or prospects of the Group since 31 March 2016, being the date of the last audited balance sheet laid before the Shareholders in a general meeting.
- 6.4 **Transfer restrictions.** The Constitution of the Company does not contain any restrictions on the right to transfer the Shares in connection with the Acquisition or the Scheme.

7. INFORMATION RELATING TO THE OFFEROR

- 7.1 **Directors of the Offeror.** The names, addresses and descriptions of the directors of the Offeror as at the Latest Practicable Date are as follows:

Name	Address	Description
Chia Song Hwee	c/o 60B Orchard Road #06-18 The Atrium@Orchard Singapore 238891	Director
Pek Siok Lan	c/o 60B Orchard Road #06-18 The Atrium@Orchard Singapore 238891	Director
Juliet Teo Juet Sim	c/o 60B Orchard Road #06-18 The Atrium@Orchard Singapore 238891	Director

- 7.2 **Principal activities.** The Offeror is an investment holding company incorporated in Singapore on 9 June 2016. The Offeror is a wholly-owned subsidiary of Temasek.
- 7.3 **Share capital.** As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of S\$2.00 comprising two ordinary shares.
- 7.4 **Summary of financial information.** The Offeror is an investment holding company which has not carried on any business since its incorporation, except to enter into certain arrangements in connection with the Acquisition and the Scheme. As at the Latest

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Practicable Date, no audited financial statements of the Offeror have been prepared since the date of its incorporation and accordingly, there are no significant accounting policies to be noted.

- 7.5 **Material changes in financial position.** Save as disclosed in this Scheme Document and save in relation to and in connection with the Acquisition and the Scheme, as at the Latest Practicable Date, there has been no known material change in the financial position of the Offeror since the date of its incorporation.

8. NO SPECIAL ARRANGEMENTS

- 8.1 **No agreement having any connection with or dependence on the Scheme.** Save for the Implementation Agreement, as at the Latest Practicable Date, there is no agreement, arrangement or understanding between (i) the Offeror or any other member of the Offeror Concert Party Group (as defined below), and (ii) any of the current or recent Directors or any of the current or recent Shareholders or any other person that has any connection with, or is dependent on or is conditional upon, the Scheme or its outcome.
- 8.2 **Transfer of Shares.** As at the Latest Practicable Date, there is no agreement, arrangement or understanding whereby any of the Shares acquired by the Offeror pursuant to the Scheme will be transferred to any other person. However, the Offeror reserves the right to direct or transfer any of the Shares to any of its related corporations (within the meaning of Section 6 of the Companies Act).
- 8.3 **No payment or benefit to directors of the Company or its related corporations.** As at the Latest Practicable Date, to the knowledge of the Offeror, there is no agreement, arrangement or understanding for any payment or other benefit to be made or given to any director of the Company or of any of its related corporations (within the meaning of Section 6 of the Companies Act) as compensation for loss of office or otherwise in connection with the Scheme.

APPENDIX 2 LETTER FROM THE OFFEROR TO THE SHAREHOLDERS

9. DISCLOSURE OF INTERESTS AND DEALINGS

9.1 Holdings and dealings. As at the Latest Practicable Date:

- (a) save as disclosed in this paragraph 9.1(a), none of the Offeror and persons acting or presumed to be acting in concert with the Offeror (the “**Offeror Concert Party Group**”) own, control or have agreed to acquire any (i) Shares, (ii) securities which carry voting rights in the Company or (iii) convertible securities, warrants, options or derivatives in respect of such Shares or securities which carry voting rights in the Company (collectively, the “**Company Securities**”);

Name ⁹	Type of Company Securities	Number of Company Securities	Percentage of total number of Company Securities (%) ⁽¹⁾⁽²⁾
Temasek Holdings (Private) Limited	Shares	824,400,030	54.01
Fullerton Fund Management Company Ltd	Shares	1,334,500	0.09
Dymon Asia Multi-Strategy Master Fund (“ Dymon ”)	Shares	814,800	0.05
Mark Mun Hoong Wong	Shares	170,000	0.01
Teo Cheng San Roland	Shares	25,000	n.m. ⁽³⁾
Tan Cheh Tian	Shares	7,000	n.m.
Hoong Bee Lok	Shares	6,000	n.m.
Chua Eu Jin	Shares	5,000	n.m.
Leong Wai Leng	Shares	4,000	n.m.
Chiu Yoong Chian Gerald	Shares	3,000	n.m.
Heng Paul Ling	Shares	2,000	n.m.
Notes (1) Rounded to the nearest two decimal places. (2) Computed based on a total of 1,526,516,090 Shares, being the number of Shares in issue as at the Latest Practicable Date. (3) Not meaningful.			

- (b) none of the members of the Offeror Concert Party Group in respect of the Company Securities:
- (i) has received any irrevocable commitment from any person to vote in favour of the Scheme;

⁹ Save for Temasek (which is both a presumed and de facto concert party of the Offeror), each of the persons listed in this table is presumed under the Code to be acting in concert with the Offeror for the purposes of the Scheme.

APPENDIX 2

LETTER FROM THE OFFEROR TO THE SHAREHOLDERS

- (ii) has entered into any arrangement, including indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, which might be material to the Scheme or which may be an inducement to deal or refrain from dealing; and/or
- (iii) has (A) granted any security interest in respect of any Company Securities to another person, whether through a charge, pledge or otherwise; (B) borrowed any Company Securities from another person (excluding borrowed Company Securities which have been on-lent or sold); or (C) lent any Company Securities to another person.
- (c) save as disclosed in this paragraph 9.1(c), none of the members of the Offeror Concert Party Group has dealt for value in the Company Securities during the period commencing three months prior to the Joint Announcement Date and ending on the Latest Practicable Date:

Name	Date	No. of Shares bought	No. of Shares sold	Transaction price per Share (\$\$) ⁽¹⁾
Dymon	10 May 2016	121,800	–	1.532
Dymon	11 May 2016	153,900	–	1.529
Dymon	12 May 2016	31,300	–	1.525
Dymon	13 May 2016	103,200	–	1.528
Dymon	17 May 2016	77,800	–	1.513
Dymon	18 May 2016	8,700	–	1.500
Dymon	20 May 2016	139,900	–	1.495
Dymon	23 May 2016	7,600	–	1.500
Dymon	24 May 2016	79,400	–	1.535
Dymon	25 May 2016	41,500	–	1.534
Dymon	26 May 2016	34,400	–	1.517
Dymon	5 July 2016	15,300	–	1.510
Note				
(1) Rounded to the nearest three decimal places.				

- 9.2 **No material change in respect of the Offeror.** Save as disclosed in the Scheme Document and save for information relating to the Offeror, the Acquisition and the Scheme that is publicly available, there has been no material change in any information previously published by or on behalf of the Offeror during the period commencing from the Joint Announcement Date and ending on the Latest Practicable Date.
- 9.3 **Interests after Scheme becomes effective.** Upon the Scheme becoming effective and binding in accordance with its terms, save for the Offeror and Temasek who will directly hold in aggregate 100% of the Shares, none of the members of the Offeror Concert Party Group will hold Shares or any other voting rights in the Company. As stated in paragraph 3 above, the Company will become a wholly-owned subsidiary of Temasek upon the Scheme becoming effective and binding in accordance with its terms.

APPENDIX 2

LETTER FROM THE OFFEROR TO THE SHAREHOLDERS

10. TEMASEK NOT ELIGIBLE TO VOTE

In accordance with the SIC's rulings as set out in paragraph 7.1(a)(ii) of the Explanatory Statement, the Offeror Concert Party Group will abstain from voting on the Scheme in respect of their Scheme Shares. As the Shares held by Temasek are not Scheme Shares, Temasek will in any case not be eligible to vote on the Scheme.

11. CONFIRMATION OF FINANCIAL RESOURCES

Credit Suisse (Singapore) Limited (the "**Offeror's Financial Adviser**"), in its capacity as financial adviser to the Offeror, confirms that sufficient financial resources are available to the Offeror to satisfy in full the aggregate Scheme Price payable pursuant to the Scheme.

12. SETTLEMENT

Paragraphs 9 and 11 of the Explanatory Statement set out details of the procedures for the implementation of the Scheme and the settlement and registration procedures.

13. CONSENT

The Offeror's Financial Adviser has given and has not withdrawn its written consent to the issue of this Offeror's Letter with the inclusion herein of its name and all references to its name in the form and context in which it appears in this Offeror's Letter.

14. MARKET QUOTATIONS

- 14.1 **Transacted prices and volume.** The highest, lowest (based on the daily closing prices for the monthly market data) and last closing prices and transacted volume of the Shares on the SGX-ST on a monthly basis from January 2016 (being six calendar months preceding the Joint Announcement Date) to the Latest Practicable Date, as extracted from Bloomberg, are set out below:

Monthly Trades	Highest Closing Price (S\$)	Lowest Closing Price (S\$)	Last Closing Price (S\$)	Transacted Volume of the Shares ('000)
1 August 2016 to the Latest Practicable Date	1.640	1.625	1.640	61,939
July 2016	1.645	1.495	1.630	101,591
June 2016	1.540	1.495	1.505	17,023
May 2016	1.550	1.485	1.530	31,503
April 2016	1.535	1.475	1.530	37,189
March 2016	1.655	1.510	1.510	52,442
February 2016	1.640	1.525	1.620	79,942
January 2016	1.525	1.335	1.525	52,915

- 14.2 **Highest and lowest prices.** During the period commencing six months prior to the Joint Announcement Date and ending on the Latest Practicable Date, as extracted from Bloomberg, the highest closing price was S\$1.655 per Share, transacted on 2 March 2016, and the lowest closing price was S\$1.380 per Share, transacted on 25 January 2016.

APPENDIX 2 LETTER FROM THE OFFEROR TO THE SHAREHOLDERS

14.3 **Closing price.** The closing price on:

- (a) 15 July 2016, being the Last Trading Day, was S\$1.545 per Share; and
- (b) 24 August 2016, being the Latest Practicable Date, was S\$1.640 per Share.

15. DOCUMENTS FOR INSPECTION

Copies of the Implementation Agreement and the letter of consent referred to in paragraph 13 above will be made available for inspection during normal business hours at the registered office of the Company up to the Effective Date.

16. RESPONSIBILITY STATEMENT

The directors of the Offeror (including those who may have delegated detailed supervision of the preparation of this Offeror's Letter and the pages preceding the "Contents" section of the Scheme Document (the "**Gatefold**")) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Offeror's Letter and the Gatefold (excluding information relating to the Company or any opinion expressed by the Company) are fair and accurate and no material facts have been omitted from this Offeror's Letter and the Gatefold, the omission of which would make any statement in this Offeror's Letter and the Gatefold misleading, and they jointly and severally accept responsibility accordingly.

Where any information has been extracted from published, publicly available sources or obtained from the Company, the sole responsibility of the directors of the Offeror has been to ensure that, through reasonable enquiries, such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Offeror's Letter and the Gatefold. The directors of the Offeror do not accept any responsibility for any information relating to or opinions expressed by the Company.

Yours faithfully
For and on behalf of
BELFORD INVESTMENTS PTE. LTD.

The Board of Directors

APPENDIX 2 SCHEDULE 1

Extracts from the Company's NRFF Announcement

Earnings (before interest and tax) ("EBIT") margin under the NRFF Licence

3.13 LTA has stated in its press release on 15 July 2016 entitled "SMRT Trains and SMRT Light Rail to Transit to New Rail Financing Framework: More Timely Capacity Expansion, Asset Replacement and Upgrade; New Maintenance Performance Standards to Improve Train Reliability" that the licence charge under the NRFF Licence, which comprises fixed and variable components, has been structured by LTA to allow SMRT Trains to achieve a composite (fare and non-fare) EBIT margin of about 5%, similar to the margins of comparable asset-light rail operators in other jurisdictions. However, **Shareholders should note that there is no certainty that SMRT Trains will earn an EBIT margin of about 5%** under the NRFF Licence. The licence charge structure provides a revenue shortfall sharing, and a profit sharing mechanism based on a tiered EBIT cap starting at 5% and an EBIT collar at 3.5%. Any EBIT deviations beyond the cap and collar would be shared with LTA, with LTA's sharing of downside risks limited to the licence charge payable for the financial year. The eventual profitability of SMRT Trains will be dependent on several factors. The circular to Shareholders referred to in paragraph 11 will highlight some of the key risk factors that are likely to, will or may affect the actual EBIT margin of SMRT Trains. Table B of the Appendix to this announcement sets out a sensitivity analysis of the impact of fluctuations in fare revenue and costs to the EBIT margin for FY2016 of SMRT Trains for illustrative purposes. As an illustration:

- assuming the total fare revenue of SMRT Trains remains the same as the total fare revenue of SMRT Trains for FY2016, and operating expenses (i.e. net of other operating income) of SMRT Trains were to vary between -10% and +10%, SMRT Trains' EBIT margin for FY2016 would range between 5.7% and 2.3% respectively;
- assuming that the operating expenses (i.e. net of other operating income) of SMRT Trains continues to grow at the historical compounded annual growth rate (CAGR) for the last five financial years (i.e. FY2012 to FY2016) of 8.1%, and total fare revenue of SMRT Trains were to vary between 0% and -2%, SMRT Trains' EBIT margin for FY2016 would range between 3.1% and 2.3% respectively.

In addition, to illustrate the impact on SMRT Trains if SMRT Trains were to remain under the CRFF and incur the additional depreciation charges for the capital expenditure obligations of about S\$2.8 billion (see paragraph 3.11) under the CRFF, Table A of the Appendix to this announcement sets out a sensitivity analysis of the impact of fluctuations in fare revenue and costs (including the depreciation charges) to the EBIT margin for FY2016 of SMRT Trains for illustrative purposes.

APPENDIX 2 SCHEDULE 1

APPENDIX TO THE NRFF ANNOUNCEMENT

SENSITIVITY ANALYSIS ON EBIT MARGIN FOR FY2016 FOR ILLUSTRATIVE PURPOSES

The following sensitivity analyses are purely hypothetical and provided solely to illustrate the EBIT margins that SMRT Trains would have achieved in FY2016, were it to continue under the CRFF and bear the depreciation charges for capital expenditure obligations of S\$2.8 billion (see paragraph 3.11) (Table A), and were it to have performed within the ordinary course of its business under the NRFF (Table B).

As mentioned in paragraph 3.13, the EBIT margin of SMRT Trains is dependent on several factors, many of which are outside the control of SMRT Trains and/or which SMRT Trains is unable to project or predict with any certainty. These include (among others) what the PTC will decide in relation to future fare adjustments and the impact on ridership of the new lines in the network.

It should be noted that the analyses performed in Table A and Table B below do not in any way constitute any form of profit guidance or forecast or forward statement by SMRT Trains of its future EBIT margin.

Shareholders should also note that the revenue share charge assumed in Table B below is not fixed for the term of the NRFF Licence.

TABLE A

Table A illustrates the impact on EBIT margins that SMRT Trains would have achieved based on its financial performance in FY2016 if SMRT Trains were to continue under the CRFF and had to incur the additional depreciation charges for capital expenditure obligations of S\$2.8 billion (see paragraph 3.11) under the CRFF. Assuming a useful life of 30 years for these assets, such capital expenditure could lead to additional depreciation charges of up to approximately S\$90 million per annum.

Table A illustrates that should total revenue remain at the level applicable in FY2016 and operating expenses fluctuate between -10% and +10%, SMRT Trains' EBIT margin would have varied between 8.0% and -6.6%.

		Variation on Operating Expenses of SMRT Trains (Net of Other Operating Income (OOI) of SMRT Trains)				
		-10%	-5%	0%	+5%	+10%
Variation On Fare Revenue of SMRT Trains	+5%	12.4%	8.9%	5.4%	1.9%	-1.6%
	+2%	9.8%	6.2%	2.7%	-0.9%	-4.5%
	0%	8.0%	4.4%	0.7%	-3.0%	-6.6%
	-2%	6.2%	2.4%	-1.3%	-5.1%	-8.8%
	-5%	3.2%	-0.7%	-4.5%	-8.4%	-12.2%

Key Assumptions:

- i. Actual FY2016 Revenue and Operating Expenses used for illustration purposes
- ii. Additional S\$90 million depreciation cost included in Operating Expenses, assuming that new assets of S\$2.8 billion in value have been acquired and they have useful lives of 30 years

APPENDIX 2 SCHEDULE 1

TABLE B

Table B illustrates the EBIT margins that SMRT Trains would have achieved based on its financial performance in FY2016 under the terms of the NRFF Licence. Sensitivity analysis has also been performed to provide the theoretical impact on the EBIT margin if SMRT Trains were to have achieved higher or lower fare revenue or incurred higher or lower operating expenses in FY2016.

		Variation on Operating Expenses of SMRT Trains (Net of Other Operating Income (OOI) of SMRT Trains)				
		-10%	-5%	0%	+5%	+10%
Variation On Fare Revenue of SMRT Trains	+5%	5.9%	5.7%	5.5%	5.3%	4.7%
	+2%	5.8%	5.6%	5.4%	5.2%	3.0%
	0%	5.7%	5.5%	5.3%	5.0%	2.3%
	-2%	5.7%	5.4%	5.2%	3.7%	1.6%
	-5%	5.0%	5.0%	5.0%	3.0%	0.9%

Key Assumptions:

- i. Actual FY2016 Revenue and Operating Expenses adjusted for NRFF depreciation used for illustration purposes
- ii. NRFF revenue collar has been computed based on FY2016 Revenue as the Target Revenue stated in the NRFF Licence
- iii. NRFF revenue share charge of 10%

The ability to achieve an EBIT margin of about 5% is subject to the following factors: (a) SMRT Trains continuing to improve operational productivity to offset increases in operating expenses; (b) SMRT Trains meeting the KPIs, OPS and MPS prescribed under the NRFF Licence thereby not incurring any financial penalties for failure to do so; (c) LTA, while exercising its discretion, duly compensates SMRT Trains by way of grant(s) for the additional costs or reduced revenue that SMRT Trains will incur or suffer arising in the event of any changes made by LTA to the KPIs, OPS, MPS, codes of practice and other events; and (d) PTC adjusting fares in accordance with the fare adjustment formula (see paragraph 3.6).

APPENDIX 2 SCHEDULE 2

The illustrative range of SMRT Trains' composite (fare and non-fare) EBIT margins as derived from the Company's sensitivity analysis in the Appendix to the NRFF Announcement is reproduced in Table C below.

Table C: Illustrative range of SMRT Trains' composite (fare and non-fare) EBIT margins¹⁰

		Variation on Operating Expenses of SMRT Trains (Net of Other Operating Income (OOI) of SMRT Trains)				
		-10%	-5%	0%	+5%	+10%
Variation on Fare Revenue of SMRT Trains	+5%	5.9%	5.7%	5.5%	5.3%	4.7%
	+2%	5.8%	5.6%	5.4%	5.2%	3.0%
	0%	5.7%	5.5%	5.3%	5.0%	2.3%
	-2%	5.7%	5.4%	5.2%	3.7%	1.6%
	-5%	5.0%	5.0%	5.0%	3.0%	0.9%

The illustrative range of the Company's FY2016 PATMI under the NRFF assumptions, based on the range of SMRT Trains' composite (fare and non-fare) EBIT margins, is presented in Table D below.

Table D: Illustrative range of the Company's FY2016 PATMI under the NRFF assumptions (in S\$ millions)¹¹

		Variation on Operating Expenses of SMRT Trains (Net of Other Operating Income (OOI) of SMRT Trains)				
		-10%	-5%	0%	+5%	+10%
Variation on Fare Revenue of SMRT Trains	+5%	75.2	73.8	72.4	71.1	66.8
	+2%	73.6	72.2	70.9	69.5	54.8
	0%	72.5	71.2	69.8	67.9	49.5
	-2%	71.5	70.1	68.7	58.6	44.2
	-5%	66.3	66.3	66.3	53.6	39.9
Notes The calculation of the illustrative resultant range of the Company's FY2016 PATMI under the NRFF assumptions also assumes: (i) part of net proceeds from the sale of assets to the LTA is used to retire part of the Company's existing debt, with a resultant reduction in interest expense; (ii) tax expenses based on tax rate of 17%; and (iii) adjustment to exclude SMRT Trains Net Property Tax Refund of S\$19.0 million, relating to prior years' over assessment.						

¹⁰ These are purely illustrative and do not nor are they intended to in any way constitute any form of profit guidance, forecast or estimate.

¹¹ These are purely illustrative and do not nor are they intended to in any way constitute any form of profit guidance, forecast or estimate.

APPENDIX 3 GENERAL INFORMATION RELATING TO THE COMPANY

1. DIRECTORS

The names, addresses and designations of the Directors as at the Latest Practicable Date are as follows:

Name	Address	Designation
Koh Yong Guan	251 North Bridge Road MRTC Headquarters Singapore 179102	Non-executive Independent Director and Chairman
Desmond Kuek Bak Chye	251 North Bridge Road MRTC Headquarters Singapore 179102	Executive Non-Independent Director, President and Group CEO
Patrick Ang Peng Koon	9 Battery Road #25-01 Straits Trading Building Singapore 049910	Non-executive Independent Director
Lee Seow Hiang	251 North Bridge Road MRTC Headquarters Singapore 179102	Non-executive Independent Director
Moliah Binte Hashim	251 North Bridge Road MRTC Headquarters Singapore 179102	Non-executive Independent Director
Bob Tan Beng Hai	251 North Bridge Road MRTC Headquarters Singapore 179102	Non-executive Independent Director
Peter Tan Boon Heng	15 Scotts Road #04-08, Thong Teck Building Singapore 228218	Non-executive Independent Director
Tan Ek Kia	251 North Bridge Road MRTC Headquarters Singapore 179102	Non-executive Independent Director
Yap Chee Meng	251 North Bridge Road MRTC Headquarters Singapore 179102	Non-executive Independent Director
Yap Kim Wah	251 North Bridge Road MRTC Headquarters Singapore 179102	Non-executive Independent Director

APPENDIX 3 GENERAL INFORMATION RELATING TO THE COMPANY

2. PRINCIPAL ACTIVITIES

The Company was incorporated in Singapore on 6 March 2000 and was listed on the Mainboard of the SGX-ST on 26 July 2000.

The Company is an investment holding company, and the Group provides multi-modal land transport services in Singapore and internationally. Its core businesses are in rail operations, maintenance and engineering as well as in bus, taxi and automotive services. Complementing these are its integrated businesses in retail, media and marketing, as well as properties and retail management.

3. SHARE CAPITAL

3.1 Shares

As at the Latest Practicable Date, there is only one class of shares in the capital of the Company, comprising ordinary shares.

As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S\$174,757,765.828 comprising 1,526,516,090 Shares. The Company has no treasury shares.

3.2 Rights of the Shareholders in respect of Capital, Dividends and Voting

Selected extracts of the Articles of Association relating to the rights of the Shareholders in respect of capital, dividends and voting have been reproduced in Appendix 4 to this Scheme Document.

3.3 Issue of Shares

Since the end of FY2016, 2,664,194 new Shares have been issued by the Company.

3.4 Convertible Instruments & Share Plans

Saved as disclosed below, as at the Latest Practicable Date, there are no outstanding instruments convertible into, rights to subscribe for, and options in respect of, Shares or securities which carry voting rights affecting the Shares.

APPENDIX 3 GENERAL INFORMATION RELATING TO THE COMPANY

As at the Latest Practicable Date, there are Awards outstanding under the Share Plans 2014 pursuant to which a maximum total of 8,855,924 new Shares may be released, the details of which are as follows:

(a) SMRT RSP 2014

Date of Award	Performance Period	Shares comprised in Awards granted	Adjustment due to performance modifier effect	Shares comprised in Awards vested	Shares comprised in Awards cancelled	Shares comprised in outstanding Awards as at the Latest Practicable Date
15 October 2014	1 April 2014 to 31 March 2015	2,216,103	188,027	1,767,705	72,742	563,683
15 December 2014	1 April 2014 to 31 March 2015	37,905	(3,079)	21,744	5,836	7,246
3 August 2015	1 April 2015 to 31 March 2016	2,437,205	340,985	1,337,565	86,000	1,354,625
31 August 2015	1 April 2015 to 31 March 2016	123,314	16,376	56,330	5,384	77,976
13 July 2016	1 April 2016 to 31 March 2017	2,590,000	—	—	—	2,590,000 ⁽¹⁾

Note:

- (1) The Shares comprised in Awards granted on 13 July 2016 would range from 0% to 144% of 2,590,000 Shares based on the achievement of pre-set performance targets.

(b) SMRT PSP 2014

Date of Award	Performance Period	Shares comprised in Awards granted	Adjustment due to performance modifier effect	Shares comprised in Awards vested	Shares comprised in Awards cancelled	Shares comprised in outstanding Awards as at the Latest Practicable Date
15 October 2014	1 April 2014 to 31 March 2017	616,384	—	—	—	616,384 ⁽¹⁾
3 August 2015	1 April 2015 to 31 March 2018	745,479	—	—	—	745,479 ⁽¹⁾
13 July 2016	1 April 2016 to 31 March 2019	720,000	—	—	—	720,000 ⁽¹⁾

Note:

- (1) The Shares comprised in Awards granted on 15 October 2014, 3 August 2015 and 13 July 2016 would range from 0% to 150% of (a) 616,384 Shares; (b) 745,479 Shares; and (c) 720,000 Shares respectively based on the achievement of pre-set performance targets.

Under the rules of the Share Plans 2014, in the event that a take-over offer for the Shares becomes or is declared unconditional or the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with a scheme for the reconstruction of the Company or its amalgamation with another company or

APPENDIX 3 GENERAL INFORMATION RELATING TO THE COMPANY

companies under the Companies Act, then the RC will consider, at its discretion, whether or not to release any Awards in accordance with the rules of the Share Plans 2014. If the RC decides to release any Awards in accordance with the rules of the Share Plans 2014, the RC will have regard to the proportion of the vesting period(s) under the rules of the Share Plans 2014 which has elapsed. If the RC so determines, the release of Awards may be satisfied in cash as set out in the rules of the Share Plans 2014.

Having taken into consideration the pre-determined performance conditions, the RC has resolved that, subject to the Scheme becoming effective and binding in accordance with its terms, all Awards shall be satisfied in cash at a price not higher than the Scheme Price and in accordance with a vesting schedule to be notified to the holders of the Awards.

4. FINANCIAL INFORMATION

4.1 Financial Information of the Group

Set out below is certain financial information extracted from the audited consolidated income statements of the Group for FY2014, FY2015 and FY2016, and the unaudited consolidated income statement of the Group for 1Q FY2017.

The summary financial information of the Group in this paragraph 4.1 is extracted from, and should be read together with, the annual reports, the audited consolidated financial statements and the unaudited consolidated financial information of the Group for the relevant periods and notes related thereto, copies of which are available for inspection at the registered office of the Company at 251 North Bridge Road, Singapore 179102 during normal business hours up to the Effective Date.

	Financial year ended 31 March			Unaudited
		(Audited)		
	FY2014	FY2015	FY2016	1Q FY2017
	S\$ million	S\$ million	S\$ million	S\$ million
Revenue	1,163.9	1,235.5	1,296.6	313.9
Exceptional items	—	—	19.0	—
Net profit/(loss) before tax	74.7	110.9	129.3	19.6
Net profit/(loss) after tax	61.5	90.5	108.3	15.3
Minority interests	(0.4)	(0.5)	(1.0)	(0.3)
Net basic earnings per Share (in cents) ⁽¹⁾	4.07	5.98	7.17	1.02
Net dividend per Share (in cents) ⁽¹⁾	2.20	3.25	4.00	—

Note:

(1) Rounded to the nearest two (2) decimal places.

APPENDIX 3 GENERAL INFORMATION RELATING TO THE COMPANY

A copy of the audited consolidated balance sheet of the Group as at 31 March 2016, being the latest published audited consolidated balance sheet of the Group prior to the Latest Practicable Date, and the unaudited consolidated balance sheet of the Group as at 30 June 2016, which is reproduced from the unaudited consolidated financial statements of the Group for 1Q FY2017, is set out below.

The audited consolidated balance sheet of the Group as at 31 March 2016 should be read in conjunction with the annual report for FY2016, the audited consolidated financial statements of the Group and the accompanying notes as set out in the annual report of the Company for FY2016 and the unaudited consolidated balance sheet of the Group as at 30 June 2016 should be read in conjunction with the unaudited consolidated financial statements of the Group and the accompanying notes as set out in the unaudited consolidated financial statements of the Group for 1Q FY2017.

	Audited as at 31 March 2016 S\$ million	Unaudited as at 30 June 2016 S\$ million
Current assets	504.5	430.2
Non-current assets	2,215.5	2,188.1
Total assets	2,720.0	2,618.3
Current liabilities	800.9	682.7
Non-current liabilities	1,004.9	1,006.8
Total liabilities	1,805.8	1,689.5
NET ASSETS	914.2	928.8
Share capital	171.6	171.6
Reserves	3.3	2.6
Accumulated profits	741.1	756.6
Minority interests	(1.7)	(1.9)
TOTAL EQUITY	914.2	928.8

4.2 Material Changes in Financial Position

Save as disclosed in the audited consolidated financial statements of the Group for FY2016, the unaudited consolidated financial statements of the Group for 1Q FY2017 and any other information on the Group which is publicly available (including without limitation, the announcements released by the Group on the SGXNET, including but not limited to the NRFF Announcement) and for the costs and expenses incurred or to be incurred in connection with the Scheme, as at the Latest Practicable Date, there have been no material changes to the financial position of the Company since 31 March 2016, being the date of the last published audited consolidated financial statements of the Group.

APPENDIX 3 GENERAL INFORMATION RELATING TO THE COMPANY

4.3 Significant Accounting Policies

The significant accounting policies for the Group are set out in the notes to the audited consolidated financial statements of the Group for FY2016 and the unaudited consolidated financial statements of the Group for 1Q FY2017, which are set out in Appendix 5 and Appendix 6 to this Scheme Document respectively. Save as disclosed in the notes to the audited consolidated financial statements of the Group for FY2016 and the unaudited consolidated financial statements of the Group for 1Q FY2017, there are no significant accounting policies or any matter from the notes of the financial statements of the Company which are of any major relevance for the interpretation of the financial statements of the Company.

4.4 Changes in Accounting Policies

As at the Latest Practicable Date, there are no changes in the accounting policy of the Group which will cause the figures disclosed in this paragraph 4 of this Appendix 3 not to be comparable to a material extent.

4.5 Statements of Prospects

- (a) The following statement set out in italics below (the “**CRFF Statement of Prospects**”) has been extracted from the media release made by the Company in relation to the NRFF on 15 July 2016:

“The Current Rail Financing Framework (CRFF) has become unsustainable.”

- (b) The following statement set out in italics below (the “**Bus Statement of Prospects**”) has been extracted from the unaudited consolidated financial statements of the Group for 3Q FY2016:

“Bus operations results are expected to improve compared to FY2015 due mainly to higher revenue resulting from fare increase that took place in April 2015 and lower energy prices, as well as productivity improvements and reliability incentives.”

Under the Code, where a statement of prospects has been made by the Company, such statement of prospects (together with the bases and commercial assumptions) must be included in the Scheme Document. In addition, the statement of prospects must be examined and reported on by the auditor or reporting accountant and the financial adviser must examine the statement of prospects and state whether in their view, the statement has been made after due and careful enquiry. Shareholders should note that the Directors have set out in Appendix 7 to this Scheme Document the bases and assumptions for the Statements of Prospects. PwC and the IFA have each issued a letter in relation to the Statements of Prospects which are set out in Appendices 8 and 9 to this Scheme Document respectively. Shareholders are urged to read Appendices 7, 8 and 9 to this Scheme Document carefully.

APPENDIX 3 GENERAL INFORMATION RELATING TO THE COMPANY

5. DISCLOSURE OF INTERESTS

5.1 Holdings of Offeror Shares and Offeror Securities by the Company

As at the Latest Practicable Date, none of the Group Companies owns, controls or has agreed to acquire any Offeror Securities.

5.2 Interests of Directors in Offeror Shares and Offeror Securities

As at the Latest Practicable Date, none of the Directors has any direct or indirect interests in the Offeror Securities.

5.3 Interests of Directors in Shares and Company Securities

(a) Shares

As at the Latest Practicable Date, save as disclosed in this paragraph 5.3 and this Scheme Document, none of the Directors owns, controls or has agreed to acquire, or has any interest, direct or indirect, in the Company Securities:

Name	Direct Interest as at the Latest Practicable Date		Deemed Interest as at the Latest Practicable Date	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Koh Yong Guan	82,700	0.005	20,000 ⁽²⁾	0.001
Desmond Kuek Bak Chye	543,010	0.036	657,670 ⁽³⁾	N.A. ⁽⁴⁾
Patrick Ang Peng Koon	11,400	n.m. ⁽⁵⁾	—	—
Bob Tan Beng Hai	22,500	0.001	—	—
Peter Tan Boon Heng	18,300	0.001	—	—
Tan Ek Kia	20,500	0.001	—	—
Yap Kim Wah	18,300	0.001	—	—
Yap Chee Meng	18,200	0.001	—	—

Notes:

- (1) All references to percentage shareholding of the issued share capital of the Company in this paragraph 5.3(a) of this Appendix 3 are based on the total issued Shares (excluding treasury shares) as at the Latest Practicable Date.
- (2) Mr Koh Yong Guan is deemed to be interested in 20,000 Shares held by his spouse.
- (3) Mr Desmond Kuek Bak Chye is deemed to be interested in 657,670 Shares pursuant to the grant of contingent awards to him under the Share Plans 2014.
- (4) "N.A." means not applicable.
- (5) "n.m." means not material.

APPENDIX 3 GENERAL INFORMATION RELATING TO THE COMPANY

(b) Shares under the Share Plans 2014

Desmond Kuek Bak Chye had been granted the following Awards under the Share Plans 2014.

(i) SMRT RSP 2014

Date of Award	Performance Period	Shares comprised in Awards granted	Adjustment due to performance modifier effect	Shares comprised in Awards vested	Shares comprised in Awards cancelled	Shares comprised in outstanding Awards as at the Latest Practicable Date
15 October 2014	1 April 2014 – 31 March 2015	130,000	46,280	132,210	–	44,070
3 August 2015	1 April 2015 – 31 March 2016	130,000	57,200	93,600	–	93,600
13 July 2016	1 April 2016 – 31 March 2017	130,000	–	–	–	130,000 ⁽¹⁾

Note:

- (1) The Shares comprised in Awards granted on 13 July 2016 would range from 0% to 144% of 130,000 Shares based on the achievement of pre-set performance targets.

(ii) SMRT PSP 2014

Date of Award	Performance Period	Shares comprised in Awards granted	Adjustment due to performance modifier effect	Shares comprised in Awards vested	Shares comprised in Awards cancelled	Shares comprised in outstanding Awards as at the Latest Practicable Date
15 October 2014	1 April 2014 – 31 March 2017	130,000	–	–	–	130,000 ⁽¹⁾
3 August 2015	1 April 2015 – 31 March 2018	130,000	–	–	–	130,000 ⁽¹⁾
13 July 2016	1 April 2016 – 31 March 2019	130,000	–	–	–	130,000 ⁽¹⁾

Note:

- (1) The Shares comprised in Awards granted on 15 October 2014, 3 August 2015 and 13 July 2016 would range from 0% to 150% of 130,000 Shares based on the achievement of pre-set performance targets.

APPENDIX 3 GENERAL INFORMATION RELATING TO THE COMPANY

6. DEALINGS DISCLOSURE

6.1 Dealings in Offeror Shares and Offeror Securities by the Company

None of the Group Companies has dealt for value in the Offeror Securities during the period commencing three (3) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

6.2 Dealings in Offeror Shares and Offeror Securities by the Directors

None of the Directors has dealt for value in the Offeror Securities during the period commencing three (3) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

6.3 Dealings in Company Securities by the Directors

As at the Latest Practicable Date, saved as disclosed in this paragraph 6.3, none of the Directors has dealt for value in any Shares or any Company Securities during the period commencing three (3) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

Name	Date	Number of Shares Acquired	Number of Shares Sold	Purchase/ Sale Prices (S\$)
Koh Yong Guan	7 July 2016	16,000 ⁽¹⁾	–	1.505
Bob Tan Beng Hai	7 July 2016	11,000 ⁽¹⁾	–	1.505
Patrick Ang Peng Koon	7 July 2016	5,000 ⁽¹⁾	–	1.505
Peter Tan Boon Heng	7 July 2016	9,000 ⁽¹⁾	–	1.505
Tan Ek Kia	7 July 2016	10,000 ⁽¹⁾	–	1.505
Yap Chee Meng	7 July 2016	9,000 ⁽¹⁾	–	1.505
Yap Kim Wah	7 July 2016	9,000 ⁽¹⁾	–	1.505
Total number of Shares acquired		69,000	–	1.505

Note:

- (1) Following Shareholders' approval at the Annual General Meeting of the Company held on 5 July 2016, a total of 69,000 Shares were purchased from the open market on behalf of the above non-executive Directors as part of the payment of their Directors' fees for FY2016.

APPENDIX 3

GENERAL INFORMATION RELATING TO THE COMPANY

7. INTERESTS OF THE INDEPENDENT FINANCIAL ADVISER

7.1 Interests of the IFA in Shares and Company Securities

As at the Latest Practicable Date, none of the IFA, its related corporations or funds whose investments are managed by the IFA or its related corporations on a discretionary basis, owns or controls any Company Securities.

7.2 Dealings in Shares and Company Securities by the IFA

None of the IFA, its related corporations or funds whose investments are managed by the IFA or its related corporations on a discretionary basis has dealt for value in the Company Securities during the period commencing three (3) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

8. ARRANGEMENTS AFFECTING DIRECTORS

8.1 No Payment or Benefit to Directors

As at the Latest Practicable Date, there is no agreement, arrangement or understanding for any payment or other benefit to be made or given to any Director or to any director of any other corporation which, by virtue of Section 6 of the Companies Act, is deemed to be related to the Company as compensation for loss of office or otherwise in connection with the Scheme.

8.2 No Agreement Conditional upon Outcome of the Scheme

As at the Latest Practicable Date, there is no agreement, arrangement or understanding made between any of the Directors and any other person in connection with or conditional upon the outcome of the Scheme.

8.3 No Material Interest in Material Contracts

As at the Latest Practicable Date, there are no material contracts entered into by the Offeror in which any Director has a material personal interest, whether direct or indirect.

9. MATERIAL LITIGATION

As at the Latest Practicable Date:

- (a) none of the Group Companies is engaged in any material litigation or arbitration proceedings, as plaintiff or defendant, which might materially and adversely affect the financial position of the Group taken as a whole; and
- (b) the Directors are not aware of any proceedings pending or threatened against any of the Group Companies or of any facts likely to give rise to any proceedings which might materially or adversely affect the financial position of the Group taken as a whole.

APPENDIX 3 GENERAL INFORMATION RELATING TO THE COMPANY

10. GENERAL DISCLOSURE

10.1 Financial Statements for FY2016 and 1Q FY2017

The audited consolidated financial statements of the Group for FY2016 and the unaudited consolidated financial statements of the Group for 1Q FY2017 are set out in Appendix 5 and Appendix 6 to this Scheme Document respectively.

10.2 Directors' Service Contracts

As at the Latest Practicable Date:

- (a) there are no service contracts between any of the Directors or proposed directors with any Group Companies which have more than 12 months to run and which are not terminable by the employing company within the next 12 months without paying any compensation; and
- (b) there are no such contracts entered into or amended during the period commencing six (6) months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

10.3 Material Contracts with Interested Persons

Save for the Implementation Agreement, none of the Group Companies has entered into any material contracts (not being contracts entered into in the ordinary course of business) with any interested person (as defined in Note 1 on Rule 23.12 of the Code) during the period beginning three (3) years before the Joint Announcement Date and ending on the Latest Practicable Date.

10.4 Costs and Expenses

In the event that the Scheme does not become effective for any reason, the expenses and costs incurred by the Company in connection with the Scheme will be borne by the Company.

10.5 Directors' Intentions with respect to their Scheme Shares

All Directors who hold Scheme Shares, as set out in paragraphs 5.3 of this Appendix 3 have informed the Company that they will vote in favour of the Scheme.

11. CONSENTS

11.1 General

WongPartnership LLP, BofA Merrill Lynch and the Share Registrar have each given and have not withdrawn their respective written consents to the issue of this Scheme Document with the inclusion herein of their names and all the references to their names in the form and context in which they respectively appear in this Scheme Document.

APPENDIX 3

GENERAL INFORMATION RELATING TO THE COMPANY

11.2 IFA

The IFA has given and has not withdrawn its written consent to the issue of this Scheme Document with the inclusion herein of its name, the IFA Letter as set out in Appendix 1 to this Scheme Document, its report relating to the unaudited consolidated financial statements of the Group for 1Q FY2017 as set out in Appendix 6 to this Scheme Document, the letter in relation to the review of the Statements of Prospects set out in Appendix 9 to this Scheme Document and all references to its name in the form and context in which it appears in this Scheme Document.

11.3 PwC

PwC has given and has not withdrawn its written consent to the issue of this Scheme Document with the inclusion herein of its name, the auditors' report relating to the unaudited consolidated financial statements of the Group for 1Q FY2017 as set out in Appendix 6 to this Scheme Document, the letter in relation to the review of the Statements of Prospects set out in Appendix 8 to this Scheme Document and all references to its name in the form and context in which it appears in this Scheme Document.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's registered office at 251 North Bridge Road, Singapore 179102 during normal business hours from the date of this Scheme Document up to the Effective Date:

- (a) the Constitution;
- (b) the annual reports of the Company for FY2014, FY2015 and FY2016;
- (c) the unaudited consolidated financial statements of the Group for 1Q FY2017;
- (d) the Implementation Agreement;
- (e) the bases and assumptions for the Statements of Prospects and the letters from PwC and the IFA respectively in relation to the Statements of Prospects, as set out in Appendices 7, 8 and 9 to this Scheme Document respectively; and
- (f) the letters of consent referred to in paragraph 11 of this Appendix 3.

APPENDIX 4

EXTRACTS FROM THE COMPANY'S ARTICLES OF ASSOCIATION

The rights of Scheme Shareholders in respect of capital, dividends and voting as extracted and reproduced from the Articles of Association are set out below:

All capitalised terms used in the following extracts shall have the same meanings given to them in the Articles of Association, a copy of which is available for inspection at the registered office of the Company during normal business hours from the date of this Scheme Document up to the Effective Date.

1. THE RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL

ISSUE OF SHARES

4. (A) Subject to the Statutes, the listing rules and these presents, no shares may be issued by the Directors without the prior approval of the Company in General Meeting but subject thereto and to Article 8, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration and at such time and subject or not to the payment of any part of the amount thereof in cash as the Directors may think fit, and any shares may be issued with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors, Provided always that:—
- (a) (subject to any direction to the contrary that may be given by the Company in General Meeting) any issue of shares for cash to members holding shares of any class shall be offered to such members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of the second sentence of Article 8(A) with such adaptations as are necessary shall apply; and
- (b) any other issue of shares, the aggregate of which would exceed the limits referred to in Article 8(B), shall be subject to the approval of the Company in General Meeting.
- (B) Notwithstanding any other provision of these presents, the Permitted Persons shall be entitled to have an interest in the issued shares of the Company which reaches or exceeds the Prescribed Limit.
5. (A) The total number of issued preference shares shall not exceed the total number of issued ordinary shares issued at any time. Preference shares may be issued subject to such limitations thereof as may be prescribed by the Stock Exchange and the rights attaching to shares other than ordinary shares shall be expressed in the Memorandum of Association or these presents. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending General Meetings of the Company, and preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding-up or sanctioning a sale of the undertaking or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six months in arrears.

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EXTRACTS FROM THE COMPANY'S ARTICLES OF ASSOCIATION

- (B) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.

VARIATION OF RIGHTS

6. (A) Whenever the share capital of the Company is divided into different classes of shares, subject to the provisions of the Statutes, preference capital other than redeemable preference capital may be repaid and the special rights attached to any class may be varied or abrogated only with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so repaid, varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate General Meeting all the provisions of these presents relating to General Meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, Provided always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, consent in writing if obtained from the holders of three-quarters of the issued shares of the class concerned within two months of such General Meeting shall be as valid and effectual as a Special Resolution carried at such General Meeting. The foregoing provisions of this Article shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.
- (B) The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects *pari passu* therewith but in no respect in priority thereto.

ALTERATION OF SHARE CAPITAL

8. (A) Subject to any direction to the contrary that may be given by the Company in General Meeting or except as permitted under the listing rules, all new shares shall before issue be offered to such persons as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion, as nearly as the circumstances admit, to the number of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article 8(A).

APPENDIX 4

EXTRACTS FROM THE COMPANY'S ARTICLES OF ASSOCIATION

(B) Notwithstanding Article 8(A), the Company may by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to:

- (a) (i) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and
- (b) (notwithstanding the authority conferred by the Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the Ordinary Resolution was in force,

Provided that:

- (1) the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) shall be subject to such limits and manner of calculation as may be prescribed by the Stock Exchange;
- (2) in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the listing rules for the time being in force (unless such compliance is waived by the Stock Exchange) and these presents; and
- (3) (unless revoked or varied by the Company in General Meeting), the authority conferred by the Ordinary Resolution shall not continue in force beyond the conclusion of the Annual General Meeting of the Company next following the passing of the Ordinary Resolution, or the date by which such Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Statutes (whichever is the earliest).

(C) Except so far as otherwise provided by the conditions of issue or by these presents, all new shares shall be subject to the provisions of the Statutes and of these presents with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise.

9. The Company may by Ordinary Resolution alter its share capital in the manner permitted under the Statutes, the listing rules and these presents including without limitation:—

- (a) consolidate and divide all or any of its shares;
- (b) cancel the number of shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person or which have been forfeited, and diminish its share capital in accordance with the Act;

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EXTRACTS FROM THE COMPANY'S ARTICLES OF ASSOCIATION

- (c) sub-divide its shares, or any of them (subject to the provisions of the Statutes), provided always that in such subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; and
 - (d) subject to the provisions of the Statutes and these presents, convert any class of shares into any other class of shares.
10. (A) The Company may by Special Resolution reduce its share capital or any undistributable reserve in any manner subject to any requirements and consents required by law. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to these presents and the Act, the number of issued shares of the Company shall be diminished by the number of shares so cancelled, and where any such cancelled shares were purchased or acquired out of the capital of the Company, the amount of the share capital of the Company shall be reduced accordingly.
- (B) The Company may, subject to and in accordance with the Act, purchase or otherwise acquire its issued shares on such terms and in such manner as the Company may from time to time think fit. Any share purchased or acquired by the Company may be cancelled or held as treasury shares. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Act.

SHARES

11. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognise any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these presents or by law otherwise provided) any other right in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository) entered in the Register of Members as the registered holder thereof or (as the case may be) the person whose name is entered in the Depository Register in respect of that share.
12. Without prejudice to any special rights previously conferred on the holders of any shares or class of shares for the time being issued, any share in the Company may be issued with such preferred, deferred or other special rights, or subject to such restrictions, whether as regards dividend, return of capital, voting or otherwise, as the Company may from time to time by Ordinary Resolution determine (or, in the absence of any such determination, as the Directors may determine) and subject to the provisions of the Statutes, the Company may issue preference shares which are, or at the option of the Company are liable, to be redeemed.

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13. Subject to the provisions of these presents and of the Statutes relating to authority, preemption rights and otherwise and of any resolution of the Company in General Meeting passed pursuant thereto, all unissued shares shall be at the disposal of the Directors and they may allot (with or without conferring a right of renunciation) and issue shares or grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper.
14. Unless otherwise specified or restricted by law, the Company may pay commissions or brokerage on any issue or purchase of its shares, or sale, disposal or transfer of treasury shares at such rate or amount and in such manner as the Directors may deem fit. Such commissions or brokerage may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other.
15. Subject to the terms and conditions of any application for shares, the Directors shall allot shares applied for within ten Market Days of the closing date (or such other period as may be approved by the Stock Exchange) of any such application. The Directors may, at any time after the allotment of any share but before any person has been entered in the Register of Members as the holder or (as the case may be) before that share is entered against the name of a Depositor in the Depository Register, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose.

SHARE CERTIFICATES

17. Where two or more persons are registered as the holders of any share they shall be deemed to hold the same as joint tenants with benefit of survivorship subject to the following provisions:—
 - (a) the Company shall not be bound to register more than three persons as the registered joint holders of any share, except in the case of executors or trustees of a deceased shareholder;
 - (b) the joint holders of a share shall be liable severally as well as jointly in respect of all payments which ought to be made in respect of such share;
 - (c) on the death of any one of such joint holders the survivor or survivors shall be the only person or persons recognised by the Company as having any title to such share but the Directors may require such evidence of death as they may deem fit; and
 - (d) in the case of a share registered jointly in the names of several persons, the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to any one of the registered joint holders shall be sufficient delivery to all.

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STOCK

49. The Company may from time to time by Ordinary Resolution convert any paid-up shares into stock and may from time to time by like resolution reconvert any stock into paid-up shares.
50. The holders of stock may transfer the same or any part thereof in the same manner and subject to these presents as and subject to which the shares from which the stock arose might previously to conversion have been transferred (or as near thereto as circumstances admit) but no stock shall be transferable except in such units as the Directors may from time to time determine.
51. The holders of stock shall, according to the number of stock units held by them, have the same rights, privileges and advantages as regards dividend, return of capital, voting and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except as regards participation in the profits or assets of the Company) shall be conferred by any such number of stock units which would not, if existing in shares, have conferred such privilege or advantage; and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted.

BONUS ISSUES AND CAPITALISATION OF PROFITS AND RESERVES

135. (A) The Directors may, with the sanction of an Ordinary Resolution of the Company (including any Ordinary Resolution passed pursuant to Article 8(B)):
- (a) issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:
 - (i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or
 - (ii) (in the case of an Ordinary Resolution passed pursuant to Article 8(B)) such other date as may be determined by the Directors,in proportion to their then holdings of shares; and/or
 - (b) capitalise any sum standing to the credit of any of the Company's reserve accounts or other undistributable reserve or any sum standing to the credit of profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:
 - (i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or

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- (ii) (in the case of an Ordinary Resolution passed pursuant to Article 8(B))
such other date as may be determined by the Directors,

in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full unissued shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, unissued shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid.

- (B) The Directors may do all acts and things considered necessary or expedient to give effect to any such bonus issue and/or capitalisation under Article 135(A), with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the members concerned). The Directors may authorise any person to enter on behalf of all the members interested into an agreement with the Company providing for any such bonus issue or capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

136. In addition and without prejudice to the power to capitalise profits and other moneys provided for by Article 135, the Directors shall have power to issue shares for which no consideration is payable and/or to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full unissued shares in each case on terms that such shares shall, upon issue, be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by shareholders in General Meeting in such manner and on such terms as the Directors shall think fit.

2. THE RIGHTS OF SHAREHOLDERS IN RESPECT OF DIVIDENDS

RESERVES

123. The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for any purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided. The Directors may also, without placing the same to reserve, carry forward any profits. In carrying sums to reserve and in applying the same the Directors shall comply with the provisions (if any) of the Statutes.

DIVIDENDS

124. The Company may by Ordinary Resolution declare dividends but no such dividend shall exceed the amount recommended by the Directors.

APPENDIX 4

EXTRACTS FROM THE COMPANY'S ARTICLES OF ASSOCIATION

125. If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.
126. Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act:
- (a) all dividends in respect of shares must be paid in proportion to the number of shares held by a member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and
 - (b) all dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid under any portion or portions of the period in respect of which the dividend is paid.
- For the purposes of this Article, an amount paid or credited as paid on a share in advance of a call is to be ignored.
127. No dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes.
128. No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company.
129. (A) The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.
- (B) The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a member, or which any person is under those provisions entitled to transfer, until such person shall become a member in respect of such shares or shall transfer the same.
130. The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the shareholder (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.

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131. The Company may upon the recommendation of the Directors and in accordance with the Statutes and the bye-laws and listing rules of the Stock Exchange, by Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the Directors shall give effect to such resolution.
- (A) Subject to such requirements prescribed by the Stock Exchange from time to time, the Directors may further resolve in the case of ordinary shares in the Company, that members entitled to such dividend be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of the dividend, as the Directors may think fit. In such case, the following provisions shall apply:—
- (i) the basis of any such allotment shall be determined by the Directors;
 - (ii) the Directors shall determine the manner in which members shall be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash and the Directors may make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of these presents;
 - (iii) the Directors may determine, generally or in any specific case, whether the right of election may be exercised in respect of the whole of that portion of the dividend or any part thereof; and
 - (iv) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on ordinary shares in respect whereof the share election has been duly exercised (the “elected ordinary shares”) and in lieu and in satisfaction thereof ordinary shares shall be allotted and credited as fully paid to the holders of the elected ordinary shares on the basis of allotment determined as aforesaid for such purpose (notwithstanding any provision of these presents to the contrary), the Directors shall be empowered to do all things necessary and convenient for the purpose of implementing the aforesaid including, without limitation, the making of each necessary allotment of shares and of each necessary appropriation, capitalisation, application, payment and distribution of funds which may be lawfully appropriated, capitalised, applied, paid or distributed for the purpose of the allotment and without prejudice to the generality of the foregoing the Directors may (a) capitalise and apply the amount standing to the credit of any of the Company's reserve accounts or any sum standing to the credit of the profit and loss account or otherwise for distribution as the Directors may determine, such sum as may be required to pay up in full the appropriate number of ordinary shares for allotment and distribution to and amongst the holders of the elected ordinary shares on such basis, or (b) apply the sum which would otherwise have been payable in cash to the holders of the elected ordinary shares towards payment of the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis.

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- (B) The ordinary shares allotted pursuant to the provisions of paragraph (A) above shall rank *pari passu* in all respects with the ordinary shares then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.
- (C) The Directors may, on any occasion when they resolve as provided in paragraph (A) above, further determine that no allotment of shares or rights of election for shares under that paragraph shall be made available or made to members or class of members as the Directors may in their sole discretion decide and in such event the only entitlement of the members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be declared or declared.
- (D) The Directors may do all acts and things considered necessary or expedient to give effect to any appropriation, capitalisation application, payment and distribution of funds pursuant to these presents, with full power to make such provisions as they think fit in the case of fractional entitlements to shares (including, notwithstanding any provision to the contrary in these presents, provisions whereby in whole or in part, fractional entitlements are disregarded or rounded up or down, or whereby the benefit of fractional entitlements accrues to the Company rather than the members) and to authorise any person to enter on behalf of all the members interested into an agreement with the Company providing for any such appropriation, capitalisation, application, payment and distribution of funds and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.
132. Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of a member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person at such address as such member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby. Notwithstanding the foregoing provisions of this Article and the provisions of Article 134, the payment by the Company to the Depository of any dividend payable to a Depositor shall, to the extent of the payment made to the Depository, discharge the Company from any liability to the Depositor in respect of that payment.

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133. If two or more persons are registered in the Register of Members or (as the case may be) the Depository Register as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any dividend or other moneys payable, or property distributable on or in respect of the share.
134. Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares.
- 134A. The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends and other moneys payable on or in respect of a shares unclaimed after being declared or first becoming payable (as the case may be) may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend or any such moneys unclaimed after a period of six years from the date of declaration of such dividend or the date such moneys first became payable (as the case may be) may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividend or moneys so forfeited to the person entitled thereto prior to the forfeiture. If the Depository returns any such dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or moneys against the Company if a period of six years has elapsed from the date of declaration of such dividend or the date on which such other moneys are first payable (as the case may be).

3. THE RIGHTS OF SHAREHOLDERS IN RESPECT OF VOTING

GENERAL MEETINGS

52. An Annual General Meeting shall be held once in every year, at such time (within a period of not more than 15 months after the holding of the last preceding Annual General Meeting) and place as may be determined by the Directors. All other General Meetings shall be called Extraordinary General Meetings.
53. The Directors may whenever they think fit, and shall on requisition in accordance with the Statutes, proceed with proper expedition to convene an Extraordinary General Meeting.

NOTICE OF GENERAL MEETINGS

54. Subject to the Statutes and the listing rules, any General Meeting at which it is proposed to pass a Special Resolution or (save as provided by the Statutes) a resolution of which special notice has been given to the Company, shall be called by 21 days' notice in writing at the least and an Annual General Meeting and any other Extraordinary General Meeting by 14 days' notice in writing at the least. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held and shall be given in the manner hereinafter mentioned to all

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members other than such as are not under the provisions of these presents and the Act entitled to receive such notices from the Company; Provided that a General Meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:—

- (a) in the case of an Annual General Meeting by all the members entitled to attend and vote thereat; and
- (b) in the case of an Extraordinary General Meeting by a majority in number of the members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent. of the total voting rights of all members having a right to vote at that meeting,

Provided also that the accidental omission to give notice to or the non-receipt of notice by any person entitled thereto shall not invalidate the proceedings at any General Meeting. So long as the shares in the Company are listed on the Stock Exchange, at least 14 days' notice of any General Meeting shall be given by advertisement in the daily press and in writing to the Stock Exchange.

PROCEEDINGS AT GENERAL MEETINGS

- 59. No business other than the appointment of a chairman shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Save as herein otherwise provided, the quorum at any General Meeting shall be two or more members present in person or by proxy. For the purpose of this Article, "member" includes a person attending by proxy or by attorney or as representing a corporation which is a member. Provided that (i) a proxy representing more than one member shall only count as one member for the purpose of determining the quorum; and (ii) where a member is represented by more than one proxy such proxies shall count as only one member for purposes of determining the quorum.
- 61. The chairman of any General Meeting at which a quorum is present may with the consent of the meeting (and shall if so directed by the meeting) adjourn the meeting from time to time (or sine die) and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. Where a meeting is adjourned sine die, the time and place for the adjourned meeting shall be fixed by the Directors. When a meeting is adjourned for 30 days or more or sine die not less than seven days' notice of the adjourned meeting shall be given in like manner as in the case of the original meeting.
- 64. At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:—
 - (a) the chairman of the General Meeting; or
 - (b) not less than five (5) members present in person or by proxy and entitled to vote at the General Meeting; or

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- (c) a member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the General Meeting; or
- (d) a member or members present in person or by proxy and holding or representing shares in the Company conferring a right to vote at the General Meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid on all the shares (excluding treasury shares) conferring that right,

Provided always that no poll shall be demanded on the choice of a chairman or on a question of adjournment.

- 65. A demand for a poll may be withdrawn only with the approval of the meeting. Unless a poll is required a declaration by the chairman of the General Meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution. If a poll is required, it shall be taken in such manner (including the use of ballot or voting papers) as the chairman of the General Meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The chairman of the General Meeting may (and if so directed by the meeting shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.
- 66. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the General Meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote.
- 67. A poll demanded on any question shall be taken either immediately or at such subsequent time (not being more than 30 days from the date of the meeting) and place as the chairman of the General Meeting may direct. No notice need be given of a poll not taken immediately. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded.

VOTES OF MEMBERS

- 68. Each member who is a holder of ordinary shares in the capital of the Company shall be entitled to be present at any General Meeting. Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company and Article 5A, each member entitled to vote may vote in person or by proxy. On a show of hands, every member who is present in person or by proxy shall have one vote (provided that in the case of a member who is represented by two proxies, only one of the two proxies as determined by that member or, failing such determination, by the Chairman of the General Meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands) and on a poll, every member who is present in person or by proxy shall have one vote for every share which he holds or represents. For the purpose of determining the number of votes which a member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the reference to shares held or represented shall, in

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relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at 48 hours before the time of the relevant General Meeting as certified by the Depository to the Company.

69. In the case of joint holders of a share, any one of such persons may vote, but if more than one of such persons is present at a meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members or (as the case may be) the Depository Register in respect of the share, subject to such limitations as the Stock Exchange may impose from time to time.
70. Where in Singapore or elsewhere a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such member to vote in person or by proxy at any General Meeting or to exercise any other right conferred by membership in relation to meetings of the Company.
71. No member shall, unless the Directors otherwise determine, be entitled in respect of shares held by him to vote at a General Meeting either personally or by proxy or to exercise any other right conferred by membership in relation to meetings of the Company if any call or other sum presently payable by him to the Company in respect of such shares remains unpaid.
72. No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the chairman of the General Meeting whose decision shall be final and conclusive.
73. On a poll, votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.
74. (A) A member may appoint not more than two proxies to attend and vote at the same General Meeting, Provided that if the member is a Depositor, the Company shall be entitled and bound:—
- (a) to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered against his name in the Depository Register as at 48 hours before the time of the relevant General Meeting as certified by the Depository to the Company; and

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- (b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at 48 hours before the time of the relevant General Meeting as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.
 - (B) The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.
 - (C) In any case where a form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
 - (D) A proxy need not be a member of the Company.
75. (A) An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Directors may approve and:–
- (a) in the case of an individual, shall be signed by the appointor or his attorney; and
 - (b) in the case of a corporation, shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.
- (B) The signature on such instrument need not be witnessed. Where an instrument appointing a proxy is signed on behalf of the appointer by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to the next following Article, failing which the instrument may be treated as invalid.
76. An instrument appointing a proxy must be left at such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, at the Office) not less than 48 hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates; Provided that an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not be required again to be delivered for the purposes of any subsequent meeting to which it relates.
77. An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll, to move any resolution or amendment thereto and to speak at the meeting.

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78. A vote cast by proxy shall not be invalidated by the previous death or insanity of the principal or by the revocation of the appointment of the proxy or of the authority under which the appointment was made, Provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Office at least one hour before the commencement of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.

CORPORATIONS ACTING BY REPRESENTATIVES

79. Any corporation which is a member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member of the Company and such corporation shall for the purposes of these presents (but subject to the Act) be deemed to be present in person at any such meeting if a person so authorised is present thereat.

4. THE RIGHTS OF SHAREHOLDERS IN RESPECT OF RECEIVING NOTICES AND DOCUMENTS

NOTICES

142. (A) Any notice or document (including a share certificate) may be served on or delivered to any member by the Company either personally or by sending it through the post in a prepaid cover addressed to such member at his registered address appearing in the Register of Members or (as the case may be) the Depository Register, or (if he has no registered address within Singapore) to the address, if any, within Singapore supplied by him to the Company or (as the case may be) supplied by him to the Depository as his address for the service of notices, or by delivering it to such address as aforesaid. Where a notice or other document is served or sent by post, service or delivery shall be deemed to be effected at the time when the cover containing the same is posted and in proving such service or delivery it shall be sufficient to prove that such cover was properly addressed, stamped and posted.
145. A member who (having no registered address within Singapore) has not supplied to the Company or (as the case may be) the Depository an address within Singapore for the service of notices shall not be entitled to receive notices from the Company.

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AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

The audited financial statements of the Group for FY2016 have been reproduced from the annual report of the Company for FY2016 and are set out below.

Directors' Statement

Year Ended 31 March 2016

The Directors present their statement to the members together with the audited consolidated financial statements of SMRT Corporation Ltd (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 March 2016.

1. Opinion of the Directors

In the opinion of the Directors,

- (a) the balance sheet and the statement of changes in equity of the Company and the consolidated financial statements of the Group as set out on pages 119 to 172 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 March 2016 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year covered by the consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

The Directors of the Company in office at the date of this statement are:

Koh Yong Guan	Chairman
Desmond Kuek Bak Chye	President & Group CEO
Bob Tan Beng Hai	
Lee Seow Hiang	
Moliah Hashim	
Patrick Ang Peng Koon	
Peter Tan Boon Heng	
Tan Ek Kia	
Yap Kim Wah	
Yap Chee Meng	

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Directors' Statement

Year Ended 31 March 2016

3. Directors' Interests in Shares or Debentures

According to the Register of Directors' shareholdings kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), none of the Directors holding office at the end of the financial year (including those held by their spouses and infant children) had any interests in the shares, debentures and share options of the Company and related corporations (other than wholly-owned subsidiaries) except as follows:

Name of Directors and Corporations in which interests are held	Holdings in the name of the Director, Spouse or Infant children	
	At beginning of the year/date of appointment, if later	At end of the year
Koh Yong Guan		
SMRT Corporation Ltd		
– ordinary shares	70,000	86,700
Mapletree Logistics Trust Management Ltd		
– units in Mapletree Logistics Trust	16,000	16,000
Singapore Airlines Limited		
– ordinary shares	4,800	3,000
Singapore Telecommunications Limited		
– ordinary shares	19,090	19,090
Singapore Technologies Engineering Ltd		
– ordinary shares	23,108	23,108
Desmond Kuek Bak Chye		
SMRT Corporation Ltd		
– ordinary shares	52,000	192,140
– unissued ordinary shares under share awards	494,000	660,140
Singapore Telecommunications Limited		
– ordinary shares	2,230	2,230
Bob Tan Beng Hai		
SMRT Corporation Ltd		
– ordinary shares	–	11,500
Patrick Ang Peng Koon		
SMRT Corporation Ltd		
– ordinary shares	–	6,400
Peter Tan Boon Heng		
SMRT Corporation Ltd		
– ordinary shares	–	9,300
Mapletree Logistics Trust Management Ltd		
– units in Mapletree Logistics Trust	–	252,500
Tan Ek Kia		
SMRT Corporation Ltd		
– ordinary shares	–	10,500
Mapletree Greater China Commercial Trust Management Ltd		
– units in Mapletree Greater China Commercial Trust	10,000	10,000
Yap Kim Wah		
SMRT Corporation Ltd		
– ordinary shares	–	9,300
Singapore Telecommunications Limited		
– ordinary shares	–	40,000
Yap Chee Meng		
SMRT Corporation Ltd		
– ordinary shares	–	9,200
Singapore Telecommunications Limited		
– ordinary shares	177	72,677

There were no changes in any of the above-mentioned interests in the Company or in related corporations between the end of the financial year and 21 April 2016.

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AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

Directors' Statement

Year Ended 31 March 2016

4. Arrangements to Enable Directors to Acquire Shares and Debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects were to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate other than as disclosed under the "Share Plans" section of this statement.

5. Share Plans

On 15 July 2004, members of the Company approved the adoption of The SMRT Corporation Restricted Share Plan ("SMRT RSP") 2004 and The SMRT Corporation Performance Share Plan ("SMRT PSP") 2004 (collectively, the "Share Plans 2004") at an Extraordinary General Meeting ("EGM"). With the expiry of the Share Plans 2004 on 14 July 2014, members of the Company approved the adoption of SMRT RSP 2014 and SMRT PSP 2014 (collectively, the "Share Plans 2014") at the Annual General Meeting ("AGM") held on 16 July 2014.

The Share Plans 2014 are administered by the Remuneration Committee (the "Committee"), comprising Mr Koh Yong Guan, Chairman of the Committee, Mr Yap Chee Meng, Mr Tan Ek Kia and Madam Moliah Hashim.

In exercising its discretion, the Committee must act in accordance with any guidelines that may be provided by the Board of Directors. The Committee shall refer any matter not falling within the scope of its terms of reference to the Board. The Committee shall have the power, from time to time, to make and vary such terms for the implementation and administration of the Share Plans 2014 as it thinks fit.

The salient features of the Share Plans 2014 are as follows:

- (a) SMRT RSP 2014 is intended to enhance the Group's overall compensation packages and strengthen the Group's ability to attract and retain high performing talent.
- (b) SMRT PSP 2014 is targeted at senior management in key positions who are able to drive the growth of the Group through innovation, creativity and superior performance.
- (c) Eligible participants
 - Group employees who have attained the age of 21 years and hold such rank as may be designated by the Committee from time to time; and
 - Associated company employees who have attained the age of 21 years and hold such rank as may be designated by the Committee from time to time and who, in the opinion of the Committee, have contributed or will contribute to the success of the Group.

The selection of employees and the number of shares which are the subject of each award to be granted to employees in accordance with the Share Plans 2014 shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as rank, job performance, creativity, innovativeness, entrepreneurship, years of service and potential for future development, contribution to the success and development of the Group and the extent of effort and resourcefulness required to achieve the performance target(s) within the performance period.

- (d) Awards

Awards represent the right of an employee to receive fully paid shares, their equivalent cash value or combination thereof, free of charge, provided that certain prescribed performance targets are met and upon expiry of the prescribed vesting period.

It is the intention of SMRT that awards made under SMRT RSP 2014 are aligned with the principle of pay-for-performance.

Awards granted under SMRT PSP 2014 are performance-based and the targets set under the plan are intended to be based on long-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth.

An individual employee who is a key management staff may be granted awards under SMRT PSP 2014, as well as SMRT RSP 2014 although differing performance targets are likely to be set for each award.

Non-executive directors of the Group will be eligible to participate in the Share Plans 2014.

- (e) Size and duration

The aggregate number of shares which may be issued or transferred pursuant to awards granted under the Plans on any date, when added to the aggregate number of shares issued and issuable and/or transferred and transferable in respect of (a) all awards granted under the Plans and (b) all awards, shares and options granted under any other share scheme implemented by the Company and for the time being in force, shall not exceed 10% of the total number of issued shares of the Company (excluding treasury shares) on the day preceding that date.

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AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

Directors' Statement

Year Ended 31 March 2016

5. Share Plans (cont'd)

(e) Size and duration (cont'd)

In addition, the total number of shares which may be issued or transferred pursuant to awards granted under the Plans from the date of AGM to be held on 5 July 2016 and the date of the next AGM or the date by which the next AGM is required by law to be held, whichever is the earlier, shall not exceed 1% of the total number of issued shares (excluding treasury shares) from time to time.

The Share Plans 2014 shall continue in force at the discretion of the Committee, subject to a maximum period of 10 years commencing from 16 July 2014, provided always that the Share Plans 2014 may continue beyond the 10-year period with the approval of the shareholders in a general meeting and of any relevant authorities which may then be required. Notwithstanding the expiry or termination of the Share Plans 2014, any awards made to employees prior to such expiry or termination will continue to remain valid.

(f) Events prior to vesting

Special provisions for vesting and lapsing of awards apply such as the termination of the employment, misconduct, retirement and any other events approved by the Committee. Upon occurrence of any of the events, the Committee will consider, at its discretion, whether or not to release any award, and will take into account circumstances on a case-by-case basis, including (but not limited to) the contributions made by the employee.

During the financial year, the conditional shares awarded under the Share Plans 2014 to the senior management staff are described below:

	SMRT PSP 2014	SMRT RSP 2014
Plan description	Award of fully-paid ordinary shares of SMRT, conditional on performance targets set at the start of a three-year performance period based on stretched long-term corporate objectives.	Award of fully-paid ordinary shares of SMRT, conditional on performance targets set at the start of a one-year performance period based on medium-term corporate objectives.
Date of grant	3 August 2015	3 August 2015 and 31 August 2015
Performance period	1 April 2015 to 31 March 2018	1 April 2015 to 31 March 2016
Vesting condition	Based on meeting stated performance conditions over a three-year performance period.	Based on meeting stated performance conditions over a one-year performance period, 50% of the award will vest. Balance will vest equally over the subsequent two years with fulfilment of service requirements.
Payout	0% - 150% depending on the achievement of pre-set performance targets over the performance period.	0% - 144% depending on the achievement of pre-set performance targets over the performance period.

The details of shares awarded, cancelled and released during the year pursuant to the Plans were as follows:

SMRT PSP

Grant date	Balance as at 1 April 2015	Shares granted during the financial year	Shares forfeited during the financial year	Shares issued during the financial year	Adjustment due to performance modifier effect	Balance as at 31 March 2016 or as at date of resignation
26 December 2012						
– For senior management	150,000	–	(124,200)	(25,800)	–	–
31 July 2013						
– For senior management	210,000	–	(30,000)	–	–	180,000
– For executive director (Desmond Kuek Bak Chye)	130,000	–	–	–	–	130,000
15 October 2014						
– For senior management	486,384	–	–	–	–	486,384
– For executive director (Desmond Kuek Bak Chye)	130,000	–	–	–	–	130,000
3 August 2015						
– For senior management	–	615,479	–	–	–	615,479
– For executive director (Desmond Kuek Bak Chye)	–	130,000	–	–	–	130,000
	1,106,384	745,479	(154,200)	(25,800)	–	1,671,863

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Year Ended 31 March 2016

5. Share Plans (cont'd)

SMRT RSP

Grant date	Balance as at 1 April 2015	Shares granted during the financial year	Shares forfeited during the financial year	Shares issued during the financial year	Adjustment due to performance modifier effect	Balance as at 31 March 2016 or as at date of resignation
30 March 2012						
– For senior management	45,600	–	(3,500)	(42,100)	–	–
26 December 2012						
– For senior management	72,200	–	(3,900)	(68,300)	–	–
31 July 2013						
– For senior management	610,200	–	(40,100)	(318,200)	–	251,900
– For executive director (Desmond Kuek Bak Chye)	104,000	–	–	(52,000)	–	52,000
15 October 2014						
– For senior management	2,071,103	–	(46,725)	(1,104,814)	141,747	1,061,311
– For executive director (Desmond Kuek Bak Chye)	130,000	–	–	(88,140)	46,280	88,140
15 December 2014						
– For senior management	37,905	–	(5,836)	(14,496)	(3,079)	14,494
3 August 2015						
– For senior management	–	2,307,205	(50,000)	–	–	2,257,205
– For executive director (Desmond Kuek Bak Chye)	–	130,000	–	–	–	130,000
31 August 2015						
– For senior management	–	123,314	–	–	–	123,314
	3,071,008	2,560,519	(150,061)	(1,688,050)	184,948	3,978,364

Under the Share Plans 2014, eligible key executives are required to hold a portion of the shares released to them under a share ownership guideline which requires them to maintain a beneficial ownership stake in SMRT, thus further aligning their interests with shareholders.

The number of contingent shares granted but not released as at 31 March 2016 were 1,671,863 (2015: 1,106,384) for SMRT PSP 2004 and SMRT PSP 2014, and 3,978,364 (2015: 3,071,008) for SMRT RSP 2004 and SMRT RSP 2014.

Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 2,507,795 (2015: 1,659,600) fully-paid SMRT shares for SMRT PSP 2004 and SMRT PSP 2014, and 5,082,988 (2015: 4,056,200) fully-paid SMRT shares for SMRT RSP 2004 and SMRT RSP 2014.

6. Audit Committee

The Audit Committee of the Board of Directors (the "Committee") comprises four non-executive independent directors. The Committee's members are:

Bob Tan Beng Hai	Chairman
Peter Tan Boon Heng	
Yap Kim Wah	
Yap Chee Meng	

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Directors' Statement

Year Ended 31 March 2016

6. Audit Committee (cont'd)

The Committee carried out its function in accordance with the Act, including the following:

- (a) reviewed the accounting policies of the Company and the Group to ensure that the policies are in compliance with accounting standards and in accordance with applicable laws and regulations;
- (b) reviewed, with the internal and external auditors, their audit plans;
- (c) reviewed, with the internal and external auditors, the adequacy of the Company and the Group's internal controls, namely financial and accounting controls, operational and compliance controls, information technology controls, and risk management policies and systems, to the extent each of these relate to financial reporting and accounting risks, with the purpose of safeguarding the Company and the Group's assets and enhancing shareholder value;
- (d) reviewed, with the internal and external auditors, their audit reports;
- (e) reviewed the cooperation given by the Company's officers to the internal and external auditors;
- (f) reviewed the adequacy and effectiveness of the internal audit function;
- (g) reviewed the proposed audit scope, approach and results, and the independence and objectivity of the external auditor;
- (h) reviewed the balance sheet and profit and loss account of the Company and the consolidated balance sheet and profit and loss account of the Group;
- (i) nominated and reviewed the appointment or re-appointment of the external auditor;
- (j) reviewed with Management the quarterly and annual financial statements and financial announcements of the Company and the Group required by the Singapore Exchange Securities Trading Limited ("SGX-ST");
- (k) reviewed transactions with interested persons;
- (l) reviewed the fees for non-audit services rendered by the external auditors and their affiliates and is satisfied that the provision of such services did not affect the independence and objectivity of the external auditor for the audit of the financial statements of the Company and the Group;
- (m) reviewed the policy and arrangements by which staff of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that there is independent investigation into all whistleblower complaints and appropriate follow-up;
- (n) reviewed significant fraud cases and the adequacy and effectiveness of policies and procedures for preventing and detecting fraud; and
- (o) examined all other matters which may be referred to the Committee by the Board or which may be imposed on the Committee by applicable laws or regulations (including without limitation the SGX-ST Listing Manual).

7. Independent Auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Koh Yong Guan
Director

Desmond Kuek Bak Chye
Director

28 April 2016

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AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

Independent Auditor's Report

Year Ended 31 March 2016

To the Members of SMRT Corporation Ltd

Report on the Financial Statements

We have audited the accompanying financial statements of SMRT Corporation Ltd ("the Company") and its subsidiaries ("the Group") set out on pages 119 to 172, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 March 2016, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity of the Group, the statement of changes in equity of the Company and the consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016, and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP

Public Accountants and Chartered Accountants
Singapore, 28 April 2016

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Balance Sheets

As at 31 March 2016

	Note	Group		Company	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Non-current assets					
Property, plant and equipment	4	2,130,729	2,042,484	21,174	12,420
Intangible asset	5	13,614	13,614	–	–
Investments in subsidiaries	6	–	–	325,823	325,823
Interests in associates and joint ventures	7	52,018	55,768	–	–
Other investments	8	19,152	20,629	–	–
		2,215,513	2,132,495	346,997	338,243
Current assets					
Inventories	9	80,081	80,917	–	–
Trade and other receivables	10	192,199	167,684	54,983	69,705
Fixed deposits with banks and financial institutions		81,338	9,358	–	–
Cash at banks and in hand		150,891	146,759	7,045	6,904
		504,509	404,718	62,028	76,609
Total assets		2,720,022	2,537,213	409,025	414,852
Equity attributable to equity holders of SMRT					
Share capital	11	171,571	169,143	171,571	169,143
Reserves	12	3,282	9,145	4,420	3,185
Accumulated profits		741,051	681,228	173,755	215,177
		915,904	859,516	349,746	387,505
Non-controlling interest		(1,657)	(638)	–	–
Total equity		914,247	858,878	349,746	387,505
Non-current liabilities					
Interest-bearing borrowings	14	750,000	812,671	–	–
Provisions	15	30	32	–	–
Deferred tax liabilities	16	199,940	165,649	2,363	1,510
Fuel equalisation account	17	20,312	20,312	–	–
Deferred grants	18	34,616	39,758	–	–
		1,004,898	1,038,422	2,363	1,510
Current liabilities					
Interest-bearing borrowings	14	71,169	8,934	–	–
Trade and other payables	19	667,750	568,231	56,107	25,259
Provisions	15	61,958	57,895	809	578
Current tax payable		–	4,853	–	–
		800,877	639,913	56,916	25,837
Total liabilities		1,805,775	1,678,335	59,279	27,347
Total equity and liabilities		2,720,022	2,537,213	409,025	414,852

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The accompanying notes form an integral part of these financial statements.

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AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

Consolidated Income Statement

Year Ended 31 March 2016

	Note	2016 \$'000	2015 \$'000
Revenue	20	1,296,589	1,235,535
Other operating income	21(a)	77,333	57,961
Staff costs	21(b)	(535,951)	(483,593)
Depreciation of property, plant and equipment	4	(213,343)	(203,155)
Amortisation of asset-related grants	18	9,676	10,025
Repairs and maintenance costs		(139,874)	(121,850)
Electricity and diesel costs		(132,309)	(150,655)
Other operating expenses	21(c)	(223,671)	(223,461)
Profit from operations		138,450	120,807
Finance costs	21(d)	(12,607)	(12,527)
Interest and investment income	21(e)	1,271	1,587
Share of results of associates and joint ventures (net of tax)		2,219	989
Profit before income tax	21	129,333	110,856
Income tax expense	22	(21,058)	(20,402)
Profit after income tax		108,275	90,454
Attributable to:			
Equity holders of SMRT		109,294	91,000
Non-controlling interest		(1,019)	(546)
		108,275	90,454
Earnings per share attributable to equity holders of SMRT (in cents):			
Basic	23	7.2	6.0
Diluted	23	7.2	6.0

The accompanying notes form an integral part of these financial statements.

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AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

Consolidated Statement of Comprehensive Income

Year Ended 31 March 2016

	2016 \$'000	2015 \$'000
Profit for the year	108,275	90,454
Other comprehensive income/(loss)		
<i>Items that may be reclassified subsequently to the income statement:</i>		
Change in fair value of available-for-sale financial assets, net of tax	(1,443)	(51)
Effective portion of change in fair value of cash flow hedge, net of tax	(6,492)	(4,753)
Change in fair value of cash flow hedge transferred to the income statement, net of tax	7,001	4,217
Currency translation differences arising from consolidation	(6,164)	6,295
Other comprehensive income for the year, net of tax	(7,098)	5,708
Total comprehensive income for the year	101,177	96,162
Attributable to:		
Equity holders of SMRT	102,196	96,708
Non-controlling interest	(1,019)	(546)
	101,177	96,162

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Consolidated Statement of Changes in Equity

Year Ended 31 March 2016

Group	Share capital \$'000	Foreign currency translation reserve \$'000	Fair value reserve \$'000	Hedge reserve \$'000	Share-based payment reserve \$'000	Accumulated profits \$'000	Total attributable to equity holders of SMRT \$'000	Non-controlling interest \$'000	Total equity \$'000
At 1 April 2015	169,143	6,125	465	(630)	3,185	681,228	859,516	(638)	858,878
Profit/(loss) for the year	–	–	–	–	–	109,294	109,294	(1,019)	108,275
Other comprehensive income	–	(6,164)	(1,443)	509	–	–	(7,098)	–	(7,098)
Transactions with owners, recorded directly in equity:									
Issue of performance shares	2,428	–	–	–	(2,428)	–	–	–	–
Value of employee services received for share-based payment	–	–	–	–	3,663	–	3,663	–	3,663
Final dividend paid of 1.75 cents per share in respect of year 2015	–	–	–	–	–	(26,637)	(26,637)	–	(26,637)
Interim dividend paid of 1.50 cents per share in respect of year 2016	–	–	–	–	–	(22,858)	(22,858)	–	(22,858)
Proceeds from unclaimed dividends	–	–	–	–	–	24	24	–	24
Total transactions with owners	2,428	–	–	–	1,235	(49,471)	(45,808)	–	(45,808)
At 31 March 2016	171,571	(39)	(978)	(121)	4,420	741,051	915,904	(1,657)	914,247
At 1 April 2014	168,240	(170)	516	(94)	1,977	631,283	801,752	(92)	801,660
Profit/(loss) for the year	–	–	–	–	–	91,000	91,000	(546)	90,454
Other comprehensive income	–	6,295	(51)	(536)	–	–	5,708	–	5,708
Transactions with owners, recorded directly in equity:									
Issue of performance shares	903	–	–	–	(903)	–	–	–	–
Value of employee services received for share-based payment	–	–	–	–	2,111	–	2,111	–	2,111
Final dividend paid of 1.20 cents per share in respect of year 2014	–	–	–	–	–	(18,258)	(18,258)	–	(18,258)
Interim dividend paid of 1.50 cents per share in respect of year 2015	–	–	–	–	–	(22,832)	(22,832)	–	(22,832)
Proceeds from unclaimed dividends	–	–	–	–	–	35	35	–	35
Total transactions with owners	903	–	–	–	1,208	(41,055)	(38,944)	–	(38,944)
At 31 March 2015	169,143	6,125	465	(630)	3,185	681,228	859,516	(638)	858,878

The accompanying notes form an integral part of these financial statements.

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AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

Statement of Changes in Equity

Year Ended 31 March 2016

Company	Share capital \$'000	Share-based payment reserve \$'000	Accumulated profits \$'000	Total equity \$'000
At 1 April 2015	169,143	3,185	215,177	387,505
Profit for the year	–	–	8,049	8,049
Transactions with owners, recorded directly in equity:				
Issue of performance shares	2,428	(2,428)	–	–
Value of employee services received for share-based payment	–	3,663	–	3,663
Final dividend paid of 1.75 cents per share in respect of year 2015	–	–	(26,637)	(26,637)
Interim dividend paid of 1.50 cents per share in respect of year 2016	–	–	(22,858)	(22,858)
Proceeds from unclaimed dividends	–	–	24	24
Total transactions with owners	2,428	1,235	(49,471)	(45,808)
At 31 March 2016	171,571	4,420	173,755	349,746
At 1 April 2014	168,240	1,977	227,759	397,976
Profit for the year	–	–	28,473	28,473
Transactions with owners, recorded directly in equity:				
Issue of performance shares	903	(903)	–	–
Value of employee services received for share-based payment	–	2,111	–	2,111
Final dividend paid of 1.20 cents per share in respect of year 2014	–	–	(18,258)	(18,258)
Interim dividend paid of 1.50 cents per share in respect of year 2015	–	–	(22,832)	(22,832)
Proceeds from unclaimed dividends	–	–	35	35
Total transactions with owners	903	1,208	(41,055)	(38,944)
At 31 March 2015	169,143	3,185	215,177	387,505

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Consolidated Statement of Cash Flows

Year Ended 31 March 2016

	2016 \$'000	2015 \$'000
Operating activities		
Profit before income tax	129,333	110,856
Adjustments for:		
– Amortisation of asset-related grants	(9,676)	(10,025)
– Depreciation of property, plant and equipment	213,343	203,155
– Dividend income	(155)	(206)
– Grant released upon disposal/write-off of property, plant and equipment	(491)	(3)
– Interest expense	12,607	12,527
– Interest income	(1,116)	(1,381)
– Loss on disposal of property, plant and equipment	3,484	124
– Property, plant and equipment written off	4,050	4,815
– Provisions made during the year	21,136	20,994
– Share-based payment expenses	3,663	2,111
– Share of results of associates and joint ventures (net of tax)	(2,219)	(989)
– Grant income	(48,796)	(33,585)
	325,163	308,393
Changes in working capital:		
– Inventories	836	3,408
– Trade and other receivables	(2,116)	(42,655)
– Trade and other payables	10,662	29,241
Cash generated from operations	334,545	298,387
Income taxes refunded/(paid), net	7,803	(9,041)
Interest paid	(12,411)	(11,960)
Cash flows from operating activities	329,937	277,386
Investing activities		
Dividends received	4,899	206
Interest received	1,145	1,383
Investment in joint ventures	–	(1,500)
Loan to joint venture	(1,000)	–
Purchase of property, plant and equipment	(291,042)	(462,543)
Proceeds from disposal of:		
– property, plant and equipment	36,126	1,619
– other investments	–	5,000
Cash flows from investing activities	(249,872)	(455,835)
Financing activities		
Grant received	40,843	30,492
Proceeds from issuance of unsecured quoted notes	–	300,000
Repayment of financial liabilities	(34,675)	(199,900)
Proceeds from borrowings	39,545	88,698
Proceeds from unclaimed dividends	24	35
Dividends paid	(49,495)	(41,090)
Cash flows from financing activities	(3,758)	178,235
Net change in cash and cash equivalents	76,307	(214)
Cash and cash equivalents at beginning of the year	156,117	155,524
Effect of exchange rate fluctuations on cash held	(195)	807
Cash and cash equivalents at end of the year	232,229	156,117
Cash and cash equivalents at end of the year comprise:		
Fixed deposits with banks and financial institutions	81,338	9,358
Cash at banks and in hand	150,891	146,759
	232,229	156,117

The accompanying notes form an integral part of these financial statements.

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AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

Notes to the Financial Statements

Year Ended 31 March 2016

These notes form an integral part of the financial statements.

1. Domicile and Activities

SMRT Corporation Ltd ("SMRT" or the "Company") is a company incorporated in the Republic of Singapore. The address of the Company's registered office is 251 North Bridge Road, Singapore 179102.

The immediate and ultimate holding company is Temasek Holdings (Private) Limited, a company incorporated in the Republic of Singapore.

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and joint ventures.

The principal activities of the Company are those relating to investment holding and provision of management services to Group companies. The subsidiaries are involved in eight key businesses as follows:

- (i) **Rail Operations**
Its principal activities are to provide transport-related businesses in Singapore. It operates the North-South-East-West and Circle lines of the Mass Rapid Transit System (the "MRT System") and the Bukit Panjang Light Rapid Transit System (the "LRT System").
- (ii) **Bus Operations**
Its principal activities are to provide public bus services.
- (iii) **Taxi Operations**
Its principal activities are to provide rental of taxis, provision of taxi services and sales of diesel to taxi hirers.
- (iv) **Rental**
Its principal activities are the leasing of commercial spaces, retail operations and property management.
- (v) **Advertising**
Its principal activities are the sale and management of media spaces, marketing and e-commerce.
- (vi) **Engineering Services**
Its principal activities are to provide consultancy, project management services, leasing of fibre optic cables and rail engineering services.
- (vii) **Other Services**
Its principal activities are to provide charter hire services and repair & maintenance services.
- (viii) **Investment Holding and Support Services**
Its principal activities are to provide management and other support services to Group companies and investment holding.

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Year Ended 31 March 2016

2. Licence and Operating Agreements

(a) SMRT Trains Ltd ("MRT")

A Licence and Operating Agreement (the "MRT LOA") with the Land Transport Authority ("LTA") under which MRT is licensed to operate the North-South-East-West lines of the Mass Rapid Transit System (the "MRT System") in Singapore came into effect on 1 April 1998. The MRT LOA sets out the terms and conditions under which the licence is granted and includes the following:

- (i) The licence is for a period of 30 years from 1 April 1998 at an annual licence fee calculated at 0.5% of the annual passenger revenue net of goods and services tax and rebates for the first 5 years of the MRT LOA, and at 1% from 1 April 2003 to 31 March 2011. For the period from 1 April 2011 to 31 March 2012, the licence fee was prescribed by LTA. From and including 1 April 2012, the licence fee shall be the amount prescribed under the Rapid Transit Systems Act or its subsidiary legislation. MRT may request LTA to extend the licence for a further period of 30 years whereupon LTA may, if it deems fit, renew the licence for a further 30 years or such other period and upon such terms and conditions as LTA may impose.
- (ii) MRT may apply for a grant from LTA for the replacement of eligible operating assets to be computed on the basis as set out in the MRT LOA. The main categories of eligible operating assets are trains, permanent way vehicles, power supply equipment and cabling, supervisory control system, escalators and lifts, platform screen doors, environmental control system, electrical service and fire protection system, signalling system, communication system, automatic fare collection system and depot workshop equipment.
- (iii) Upon the expiration or cancellation of the licence, MRT is required to surrender all parts of the North-South-East-West lines of the MRT system owned by LTA in a condition substantially similar to their state as at the date of the MRT LOA subject to reasonable wear and tear. If the cancellation of the licence is due to breaches of the MRT LOA terms by MRT, MRT is required upon cancellation, to refund to LTA the total amount of the replacement grants received or such portion thereof as LTA may determine.

A licence was granted by LTA under which MRT is licensed to operate the Circle line of the Mass Rapid Transit System (the "CCL System") in Singapore which came into effect on 4 May 2009. The licence sets out the terms and conditions under which the licence is granted and includes the following:

- (i) The licence shall be for a term (the "Initial Licence Term") of 10 years from 4 May 2009 at an annual licence fee calculated at the sum of 0.5% of the annual passenger revenue net of goods and services tax and rebates, and 0.5% of the annual non-fare revenue net of goods and services tax from 4 May 2009 to 31 March 2011. For the period from 1 April 2011 to 31 March 2012, the licence fee was prescribed by LTA. From and including 1 April 2012, the licence fee shall be the amount prescribed under the Rapid Transit Systems Act or its subsidiary legislation.
- (ii) The licence may be renewed by LTA, if it deems fit, for a further period of 30 years from the expiry of the Initial Licence Term, subjected to any other terms and conditions as LTA may impose.
- (iii) MRT shall purchase the operating assets of the CCL System from LTA at book values on 4 May 2019.
- (iv) Prior to MRT's purchase of the operating assets, MRT is required to set aside annually the sum of S\$30 million or 75% of the post-tax surplus derived only from the operation of the CCL System (whichever is lower) in a reserve fund account for capital expenditure which included the cost of any major overhaul of any equipment, machinery or any part of the CCL System comprising all assets and infrastructure required to operate the CCL System. Upon the purchase of the operating assets by MRT, there is no requirement to maintain the reserve fund account.
- (v) MRT may apply for a grant from LTA for the replacement of eligible operating assets to be computed on the basis as set out in the Licence. The main categories of eligible operating assets are trains, permanent way vehicles, power supply equipment and cabling, integrated supervisory control system, escalators and passenger conveyors, lifts, platform screen doors system, environmental control and tunnel ventilation system, electrical services and fire protection system, signalling system, communication system, automatic fare collection system, access management system, depot equipment, maintenance management system, traveller information system and motorised trolleys.
- (vi) Upon the expiration or cancellation of the licence prior to MRT purchasing the operating assets of the CCL System, MRT is required to surrender to LTA the operating assets and the infrastructure of the CCL System owned by LTA. The operating assets are to be surrendered in a condition substantially similar to their state as at the date of their handing over by LTA to MRT failing which MRT is required to compensate LTA on such terms as LTA may prescribe, whilst the infrastructure is to be surrendered subject to reasonable wear and tear.
- (vii) Upon the expiration or cancellation of the licence after MRT's purchase of the operating assets of the CCL System, MRT is required to surrender the infrastructure owned by LTA in a condition similar to their state as at the date of their handing over by LTA to MRT subject to reasonable wear and tear. If the cancellation of the licence is due to breaches of the licence by MRT, MRT is required to refund to LTA, the total amount or such portion thereof as LTA may determine of the replacement grants received by MRT upon cancellation.

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2. Licence and Operating Agreements (cont'd)

(b) SMRT Light Rail Pte Ltd ("LRT")

A Licence and Operating Agreement (the "LRT LOA") with LTA under which LRT is licensed to operate the Bukit Panjang Light Rapid Transit System (the "LRT System") in Singapore came into effect on 6 November 1999. The LRT LOA sets out the terms and conditions under which the licence is granted and includes the following:

- (i) The licence is for the period from 6 November 1999 to 31 March 2028, at an annual licence fee calculated at 0.5% of the annual passenger revenue of the preceding financial year net of goods and services tax and rebates from 6 November 1999 to 31 March 2011. For the period from 1 April 2011 to 31 March 2012, the licence fee was prescribed by LTA. From and including 1 April 2012, the licence fee shall be the amount prescribed under the Rapid Transit Systems Act or its subsidiary legislation. LRT may request LTA to extend the licence for a period of 30 years whereupon LTA may, if it deems fit, renew the licence for a period of 30 years or such other period and upon such terms and conditions as LTA may impose.
- (ii) LRT is required to purchase the operating assets of the LRT System from LTA at book values by 25 October 2015 or within such other period as may be agreed in writing between LTA and LRT. However, LTA may require LRT to do so earlier if it is of the view that it is reasonable to do so by giving 12 months notice. If LRT can satisfy LTA that it is not economically viable to do so, LRT may defer such purchase.
- (iii) Prior to LRT's purchase of the operating assets, LRT is required to set aside annually the sum of \$3 million or 75% of the post-tax surplus (whichever is lower) in a reserve fund account for capital expenditure which includes the cost of any major overhaul of equipment, machinery or any part of the LRT System comprising all assets and infrastructure required to operate the LRT System.
- (iv) Upon the purchase of the operating assets by LRT, there is no requirement to maintain the reserve fund account. However, LRT is required to set aside an amount equivalent to 20% of the annual depreciation charge of trains, maintenance service vehicles, power supply equipment and cabling, escalators and lifts, platforms screen doors, environmental control system, electrical services and fire protection system, signalling system, communication equipment, automatic fare collection system, depot workshop equipment and ATC central console and equipment in specified investments. LRT may use such amount from these investments to meet up to half of the purchase costs of replaced operating assets. LRT may apply for a grant from LTA for certain replaced operating assets to be computed on the basis as set out in the LRT LOA.
- (v) If the licence is cancelled prior to LRT purchasing the operating assets of the LRT System, LRT is required to surrender to the LTA the operating assets and the infrastructure of the LRT system owned by LTA. The operating assets are to be surrendered in a condition similar to their state as at the date of their handing over by LTA to LRT without any deduction for wear and tear, whilst the infrastructure is to be surrendered subject to reasonable wear and tear. LRT is required to compensate LTA for any shortfall in the value of the operating assets at the date of surrender compared with the value at the date of handing over to LRT.
- (vi) If the licence is cancelled after LRT purchased the operating assets, LRT is required to surrender the infrastructure owned by LTA in a condition substantially similar to their state as at the date of their handing over by LTA to LRT subject to reasonable wear and tear. If the cancellation of the licence is due to breaches of the LRT LOA terms by LRT, LRT is required to refund to LTA, the total amount or such portion thereof as LTA may determine of the replacement grants received by LRT upon cancellation.

3. Summary of Significant Accounting Policies

3.1 Basis of Preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except otherwise described below.

The financial statements are presented in Singapore dollars which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

The preparation of the financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation involving uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements, are described in note 30.

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3. Summary of Significant Accounting Policies (cont'd)

3.2 Changes in Accounting Policies

On 1 April 2015, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company or disclosures made in the financial statements and had no material effect on the amounts reported for the current or prior financial years.

3.3 Basis of Consolidation

Business Combination

Business combinations are accounted for under the acquisition method. The purchase consideration is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed and fair value of any contingent consideration arrangement at the acquisition date.

If the business combination is achieved in stages, the acquisition-date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in the income statement.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (i) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (ii) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to paragraph "intangible assets" for the subsequent accounting policy on goodwill.

If those amounts are less than the fair value of the identifiable net assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in income statement as a gain from bargain purchase.

Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date in which control ceases.

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to income statement or transferred directly to retained profits if required by a specific standard.

Any retained equity interest in the entity is re-measured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in income statement.

Associates and Joint Ventures

Associates are those entities in which the Group has significant influence, but not control, generally accompanied by voting rights of 20% and above but not exceeding 50%.

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

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3. Summary of Significant Accounting Policies (cont'd)

3.3 Basis of Consolidation (cont'd)

Associates and Joint Ventures (cont'd)

Associates and joint ventures are accounted for using the equity method of accounting less impairment losses, if any, and are recognised initially at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associates and joint ventures represents the excess of the cost of acquisition of the associates and joint ventures over the Group's share of the fair value of the identifiable net assets of the associates and joint ventures. It is included in the carrying amount of the investments and is neither amortised nor tested individually for impairment. When the Group's share of the fair value of the identifiable net assets of the associates and joint ventures exceeds the cost of acquisition paid by the Group, the excess is recognised in income statement as part of the share of results of associates and joint ventures.

In applying the equity method of accounting, the Group's share of its associates' and joint ventures' post-acquisition profits or losses are recognised in the income statement and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associates and joint ventures are adjusted against the carrying amount of the investment. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term unsecured receivables, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has legal or constructive obligation or has made payments on behalf of the investee. If the associates or joint ventures subsequently report profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Investments in associates and joint ventures are derecognised when the Group loses significant influence or joint control. Any retained equity interest in the entity is re-measured at its fair value if it is a financial asset. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost, and its fair value and any proceeds on partial disposals, is recognised in income statement. When significant influence or joint control is not lost, only a proportionate share of the amounts previously recognised in other comprehensive income relating to that associate or joint venture are reclassified to income statement and form part of the gain or loss on partial disposal.

Transactions Eliminated on Consolidation

All significant intra-group transactions, balances and unrealised gains are eliminated on consolidation. Unrealised gains resulting from transactions with associates or joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Transactions With Non-controlling Interest

Non-controlling interest represents the equity in subsidiary not attributable, directly or indirectly, to equity holders of the Company, and are presented separately in the consolidated income statement, statement of changes in equity and within equity in the consolidated balance sheet, separately from equity attributable to equity holders of the Company. Total comprehensive income is attributed to the non-controlling interest based on their respective interest in a subsidiary, even if this results in the non-controlling interest having a deficit balance.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted as transactions with equity holders of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributed to the equity holders of the Company.

Accounting Policies of Subsidiaries, Associates and Joint Ventures

Where necessary, accounting policies of subsidiaries, associates and joint ventures have been adjusted on consolidation to be consistent with the policies adopted by the Group.

3.4 Foreign Currencies

Foreign Currency Transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the exchange rate at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in the income statement, except for differences arising on the translation of monetary items that in substance form part of the Group's net investment in a foreign operation (see following page) which is recognised in other comprehensive income.

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3. Summary of Significant Accounting Policies (cont'd)

3.4 Foreign Currencies (cont'd)

Foreign Operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on the acquisition of foreign operations, are translated to Singapore dollars at exchange rates prevailing at the balance sheet date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates prevailing at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Foreign exchange differences are recognised in other comprehensive income. When a foreign operation is disposed off, in part or in full, the foreign currency translation reserve is transferred to the income statement as part of the gains or losses on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the foreign currency translation reserve.

3.5 Property, Plant and Equipment

Owned Assets

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads and capitalised borrowing costs.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent Expenditure

Subsequent expenditure relating to an item of property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group and the cost of the item can be measured reliably. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Disposals

Gains or losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the income statement on the date of retirement or disposal.

Depreciation

Depreciation is calculated on a straight-line basis so as to allocate the depreciable amounts of the property, plant and equipment and major components that are accounted for separately over their estimated useful lives as follows:

Leasehold land, properties and infrastructure	-	3 to 40 years
Furniture, fittings, office equipment and computers	-	3 to 10 years
Motor vehicles	-	5 years
Rolling stock	-	10 to 30 years
Power supply equipment	-	5 to 25 years
Signalling, communication and automatic fare collection systems	-	3 to 30 years
Buses	-	5 to 20 years
Taxis	-	7.67 years
Plant and machinery	-	3 to 20 years
Other operating equipment	-	3 to 30 years

No depreciation is provided on unregistered buses and taxis and assets under construction until such assets are completed and ready for operational use.

Property, plant and equipment costing less than \$1,000 per item are expensed off as and when they are purchased.

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3. Summary of Significant Accounting Policies (cont'd)

3.5 Property, Plant and Equipment (cont'd)

Depreciation (cont'd)

Depreciation method, estimated useful lives and residual values of property, plant and equipment are reviewed at each financial year end and adjusted if appropriate. The effects of any revision are recognised in the income statement when the changes arise.

3.6 Intangible Assets

Goodwill on acquisition of subsidiaries and businesses on or after 1 April 2010 represents the excess of the purchase consideration, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill on acquisition of subsidiaries and businesses prior to 1 April 2010 and on acquisition of associates and joint ventures represents the excess of the cost of acquisition over the fair value of the Group's share of the net identifiable assets acquired.

Goodwill on the acquisition of subsidiaries is presented as intangible assets and carried at cost less accumulated impairment losses. Goodwill on the acquisition of associates and joint ventures is presented together with the carrying amount of the investments. Gains and losses on the disposal of subsidiaries, associates and joint ventures include the carrying amount of goodwill relating to the entity sold, except for goodwill arising from acquisitions prior to 1 April 2001. Such goodwill was adjusted against retained profits in the year of acquisition and is not recognised in income statement on disposal.

Goodwill is tested for impairment on an annual basis in accordance with note 3.13. If the initial accounting for an acquisition was based on provisional estimates of fair value of assets, liabilities and contingent liabilities, the provisional values are adjusted within 12 months of the acquisition date and goodwill arising from the acquisition is adjusted subsequently on a retrospective basis.

3.7 Non-derivative Financial Instruments

Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date.

Equity and debt securities held by the Group are classified as being available-for-sale and are stated at fair value, determined as the quoted bid price at the balance sheet date. Any resultant gain or loss is recognised in other comprehensive income and presented within equity in the fair value reserve. The exceptions are impairment losses and foreign exchange gains and losses on monetary items such as debt securities, which are recognised in the income statement. When these investments are derecognised, the cumulative gain or loss previously recognised directly in other comprehensive income is recognised in the income statement. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the income statement. Dividend income on available-for-sale financial assets is also recognised separately in the income statement.

Unquoted equity and other investments are measured at cost less accumulated impairment losses. It is not practicable to reliably estimate the fair value of unquoted available-for-sale financial assets due to the lack of market prices in an active market, significant range of fair value estimates, and the inability to reasonably assess the probabilities of the various estimates.

Financial assets classified as available-for-sale are recognised by the Group on the date it commits to purchase the investments, and derecognised on the date a sale is committed.

Held-to-maturity Investments

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities. If the Group has the positive intent and ability to hold debt securities to maturity, they are classified as held-to-maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. They are presented as non-current assets, except for those maturing within 12 months after the balance sheet date which are presented as current assets.

Held-to-maturity investments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

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3. Summary of Significant Accounting Policies (cont'd)

3.7 Non-derivative Financial Instruments (cont'd)

Held-to-maturity Investments (cont'd)

Financial assets classified as held-to-maturity are recognised by the Group on the date it commits to purchase the investments, and derecognised on the date a sale is committed.

Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

3.8 Derivative Financial Instruments and Hedging Activities

The Group uses derivative financial instruments to partially hedge its exposure to financial risks arising from its business activities. The Group does not hold or issue derivative financial instruments for trading purposes.

Derivatives are recognised initially at fair value. Attributable transaction costs are recognised in the income statement when incurred. Subsequent to initial recognition, these instruments are re-measured at fair value. The fair value is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

For derivatives that do not qualify for hedge accounting, the gain or loss on re-measurement to fair value is recognised immediately in the income statement.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract are not closely related, and the combined instrument is not measured at fair value through the income statement.

Cash Flow Hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedge reserve in equity. The amount recognised in other comprehensive income is removed and included in profit or loss in the same period as the hedged cash flows affect profit or loss under the same line item in the income statement as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income and presented in the hedge reserve in equity remains there until the forecast transaction affects profit or loss. When the hedged item is a non-financial asset, the amount recognised in other comprehensive income is transferred to the carrying amount of the asset when the asset is recognised. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is recognised immediately in profit or loss. In other cases, the amount recognised in other comprehensive income is transferred to the income statement in the same period that the hedged item affects profit or loss.

Separable Embedded Derivatives

Changes in the fair value of the separable embedded derivatives are recognised immediately in the income statement.

3.9 Inventories

Inventories comprising engineering spares and consumables used for the maintenance of the MRT and LRT systems, buses and taxis and which are not intended for resale, are stated at cost less allowance for obsolete inventories. Allowance is made for obsolete, slow-moving and defective inventories based on management's estimates and judgement, taking into account historical trends and market conditions etc.

All other inventories are stated at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any allowance for write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any allowance for write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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3. Summary of Significant Accounting Policies (cont'd)

3.10 Construction Contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date ("percentage-of-completion method"). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is recognised as contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

The stage of completion is measured by reference to the proportion of contract costs incurred to date to the estimated total costs for the contract. Costs incurred during the financial year in connection with future activity on a contract are excluded from the costs incurred to date when determining the stage of completion of a contract. Such costs are shown as construction contract work-in-progress on the balance sheet unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

At the balance sheet date, the cumulative costs incurred plus recognised profits (less recognised losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as due from customers on construction contracts within "trade and other receivables". Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers on construction contracts within "trade and other payables".

Progress billings not yet paid by customers and retentions by customers are included within "trade and other receivables". Advances received are included within "trade and other payables".

3.11 Trade and Other Receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

3.12 Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and bank deposits. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

3.13 Impairment

Impairment of Financial Assets

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted. The carrying amount of these assets is reduced through the use of an impairment allowance account. When the asset becomes uncollectible, it is written off against the allowance account.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that has been recognised directly in equity is recognised in the income statement even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the income statement is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the income statement.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the income statement. For investments in an equity instrument classified as available-for-sale, the reversal is recognised directly in other comprehensive income.

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3. Summary of Significant Accounting Policies (cont'd)

3.13 Impairment (cont'd)

Impairment of Non-financial Assets

The carrying amounts of the Group's non-financial assets, other than inventories, are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. If any such indication exists, the assets' recoverable amounts are estimated.

Goodwill is tested for impairment annually and as and when indicators of impairment are identified. For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination. An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use. The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

Calculation of Recoverable Amount

For the purpose of impairment testing, the recoverable amount (i.e. the greater of the assets' net selling price and value-in-use), is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of the asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. The difference between the carrying amount and the recoverable amount is recognised as an impairment loss in the income statement.

Reversals of Impairment

An impairment loss for an asset other than goodwill is reversed, if and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in the income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

3.14 Non-current Assets Held for Sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale and are measured at the lower of their carrying amount and fair value less costs to sell. The assets are not depreciated or amortised while they are classified as held-for-sale. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognised in the income statement. Gains are not recognised in excess of any cumulative impairment loss.

3.15 Liabilities and Interest-bearing Borrowings

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid and are recognised initially at fair value. Interest-bearing liabilities are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, trade and other payables and interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities. Interest-bearing liabilities are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

3.16 Intra-group Financial Guarantees

Financial guarantees are financial instruments issued by the Group that requires the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

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3. Summary of Significant Accounting Policies (cont'd)

3.16 Intra-group Financial Guarantees (cont'd)

Financial guarantee contracts are accounted for as insurance contracts. A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date and is subsequently amortised to income statement over the period of the debt instrument. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

3.17 Offsetting of Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.18 Provisions

A provision is recognised in the balance sheet when the Group and the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability. The increase in the provision due to the passage of time is recognised in the income statement as finance expense.

Provision for Accident Claims

A provision for accident claims is recognised when an accident has occurred. The amount of provision is based on the claims outstanding and estimated amounts payable.

The expected reimbursement from insurance policies and other parties in respect of the expenses required to settle a provision, is recognised as a separate asset disclosed as "Recoverable in respect of accident claims" included in "Other receivables, deposits and prepayments".

The Group has undertaken motor vehicle insurance to cover liabilities relating to third party property damage and personal injury where claims are in excess of a stated quantum. Provision for accident claims payable includes such vehicle insurance premium payable to insurers.

A provision for accident claims is recognised as an expense in the income statement as and when incurred. The provision is reviewed at least at each balance sheet date. The effects of any revision in management's estimate of amounts payable are recognised in the income statement when the changes arise.

3.19 Income Tax

Income tax on the profit and loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill, the initial recognition of assets or liabilities that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries, associates and joint ventures to the extent that they probably will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income tax levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.20 Fuel Equalisation Account ("FEA")

The FEA has been set up in accordance with the directive of the Public Transport Council ("PTC") to account for electricity tariff and diesel price adjustment charge, as part of the mechanism for regulating public transport fares. Annual contributions to the FEA may be required as determined by the PTC, based on the reference electricity tariff and diesel price for the year.

Applications can be made to the PTC to seek approval for a drawdown as may be catered for by the purpose of the FEA mechanism. The PTC may also direct such transfers that it considers necessary.

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3. Summary of Significant Accounting Policies (cont'd)

3.21 Grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with the attached conditions.

Asset-related Grants

Asset-related grants received from the LTA and/or other government bodies for the purchase of eligible assets are deferred and amortised in the income statement using the straight-line method and over the same periods in which the related property, plant and equipment are depreciated.

Other Grants

Grants that compensate the Group for expenses incurred are recognised in the income statement in the same periods in which the expenses are recognised.

3.22 Dividends

Dividends on ordinary shares are recognised as a liability in the period in which they are declared and approved.

3.23 Revenue Recognition

Passenger Revenue

Passenger revenue from MRT and LRT systems and public bus services is recognised at the end of the ride.

Taxi Rental and Rental Revenue

Rental revenue receivable under operating leases is recognised in the income statement on a straight-line basis over the terms of the leases. Lease incentives granted are recognised as an integral part of the total rental income to be received.

Advertising Revenue

Advertising revenue is recognised on an accrual basis over the terms of the contract.

Sales of Goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyers. Revenue excludes goods and services or other sales taxes and is after deduction of any trade discounts. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Engineering and Other Services

Revenue from short-term workshop and other services is recognised upon completion of services rendered.

Revenue from engineering consultancy and project management services is recognised when services are rendered.

Revenue from operating and maintenance services is recognised over the period during which the service is provided.

Revenue from rail engineering services is recognised in accordance with the accounting policy for construction contract set out in note 3.10.

Provision for foreseeable losses, on contracts not yet completed, is made as soon as such losses are determinable.

3.24 Leases

Lessee – Operating Leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors, are classified as operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the leases.

Contingent rents are recognised as an expense in the income statement when incurred.

Lessor – Operating Leases

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income (net of any incentives given to the lessees) from operating leases is recognised in the income statement on a straight-line basis over the term of the leases.

Initial indirect costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in the income statement over the term of the leases on the same basis as the lease income.

Contingent rents are recognised as income in the income statement when earned.

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3. Summary of Significant Accounting Policies (cont'd)

3.25 Finance Costs

Interest expense and similar charges are recognised in the income statement using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to prepare for its intended use or sale.

3.26 Interest and Investment Income

Interest income from bank deposits and other debt securities is recognised in the income statement using the effective interest method.

Dividend income from subsidiaries is recognised on the date that the Group's right to receive payment is established.

Dividend income from other equity investments is recognised in the income statement at gross on a receipt basis.

Gain or loss on disposal of investment is accounted for in the income statement as they arise.

3.27 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's CEO and the operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance.

3.28 Employee Benefits

Defined Contribution Plans

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

Defined Benefit Plans

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine the present value. The discount rate is the market yield of quoted Singapore Government Bonds at balance sheet date. The calculation is performed using the projected unit credit method.

When the benefits of a plan change, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

In calculating the Group's obligation in respect of a plan, any actuarial gain or loss arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period that the gain or loss arises.

Short-term Accumulating Compensated Absences

Employee entitlements to annual leave are recognised when they accrue to employees. Provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Equity and Equity Related Compensated Benefits

The SMRT Corporation Restricted Share Plan ("SMRT RSP") and the SMRT Corporation Performance Share Plan ("SMRT PSP") allow the Group to award employees fully paid shares, their equivalent cash value or combination thereof, free of charge, provided that certain prescribed performance targets are met and, in the case of awards under the SMRT RSP, upon expiry of the prescribed vesting period. For shares granted pursuant to awards under these plans, and the amount of cash which may be paid upon the release of such awards, the fair value of the awards is measured at grant date and spread over the vesting period. At each balance sheet date, the Group may revise the fair value of the awards based on actual performance achieved. It recognises the impact of the revision of original estimates in employee expense and a corresponding adjustment to equity over the remaining vesting period.

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4. Property, Plant and Equipment

Group	Leasehold land, properties and infrastructure \$'000	Furniture, fittings, office equipment and computers \$'000	Motor vehicles \$'000	Rolling stock \$'000
Cost				
At 1 April 2014	319,850	91,486	7,267	1,309,618
Additions	3,760	3,494	863	170,142
Disposals/Write-offs	(787)	(693)	(351)	(2,864)
Transfers/Reclassifications	32,129	5,699	–	2,506
At 31 March 2015	354,952	99,986	7,779	1,479,402
At 1 April 2015	354,952	99,986	7,779	1,479,402
Additions	7,162	2,088	1,208	46,813
Disposals/Write-offs	(1,962)	(6,121)	(876)	(1,324)
Transfers/Reclassifications	1,771	6,960	307	18,426
At 31 March 2016	361,923	102,913	8,418	1,543,317
Accumulated depreciation and impairment losses				
At 1 April 2014	84,396	60,406	4,719	776,280
Depreciation charge for the year	20,040	10,393	1,001	63,967
Disposals/Write-offs	(765)	(677)	(326)	(1,904)
At 31 March 2015	103,671	70,122	5,394	838,343
At 1 April 2015	103,671	70,122	5,394	838,343
Depreciation charge for the year	21,270	10,556	1,025	65,480
Disposals/Write-offs	(874)	(5,248)	(694)	(1,323)
At 31 March 2016	124,067	75,430	5,725	902,500
Carrying amount				
At 31 March 2015	251,281	29,864	2,385	641,059
At 31 March 2016	237,856	27,483	2,693	640,817

The Group's wholly-owned subsidiary, SMRT Buses Ltd., is expected to transfer ownership of 175 buses at estimated net book value of \$66.3 million to LTA under the Bus Service Enhancement Programme (the "BSEP") on 31 May 2016.

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Power supply equipment \$'000	Signalling, communication and automatic fare collection systems \$'000	Buses \$'000	Taxis \$'000	Plant and machinery \$'000	Other operating equipment \$'000	Assets under construction \$'000	Total \$'000
157,509	315,879	374,635	307,845	28,527	404,700	149,552	3,466,868
423	15,244	2,168	45,155	452	8,410	369,080	619,191
(1,245)	(11,465)	(32,511)	(29,830)	(1,946)	(32,165)	–	(113,857)
345	4,621	128,007	49,522	4,349	17,795	(244,973)	–
157,032	324,279	472,299	372,692	31,382	398,740	273,659	3,972,202
157,032	324,279	472,299	372,692	31,382	398,740	273,659	3,972,202
536	3,867	3,741	5,965	2,431	9,210	268,900	351,921
(5,597)	(3,027)	(71,962)	(29,637)	(4,445)	(17,134)	–	(142,085)
486	8,869	83,899	15,287	2,503	30,825	(169,333)	–
152,457	333,988	487,977	364,307	31,871	421,641	373,226	4,182,038
124,392	222,562	178,594	76,673	23,000	274,077	–	1,825,099
4,666	19,157	22,065	40,702	2,135	19,029	–	203,155
(1,240)	(11,384)	(32,384)	(17,503)	(1,912)	(30,441)	–	(98,536)
127,818	230,335	168,275	99,872	23,223	262,665	–	1,929,718
127,818	230,335	168,275	99,872	23,223	262,665	–	1,929,718
3,364	18,061	26,552	44,207	2,916	19,912	–	213,343
(5,018)	(2,947)	(38,544)	(20,065)	(3,410)	(13,629)	–	(91,752)
126,164	245,449	156,283	124,014	22,729	268,948	–	2,051,309
29,214	93,944	304,024	272,820	8,159	136,075	273,659	2,042,484
26,293	88,539	331,694	240,293	9,142	152,693	373,226	2,130,729

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4. Property, Plant and Equipment (cont'd)

Company	Furniture, fittings, office equipment and computers \$'000	Communication systems \$'000	Motor vehicles \$'000	Other operating equipment \$'000	Plant and machinery \$'000	Assets under construction \$'000	Total \$'000
Cost							
At 1 April 2014	22,741	2,477	441	28	124	3,459	29,270
Additions	2,446	41	7	29	40	2,121	4,684
Disposals/Write-offs	(53)	(14)	–	–	(73)	–	(140)
Transfers/Reclassifications	1,880	–	–	–	–	(1,880)	–
At 31 March 2015	27,014	2,504	448	57	91	3,700	33,814
At 1 April 2015	27,014	2,504	448	57	91	3,700	33,814
Additions	320	4	238	79	257	11,356	12,254
Disposals/Write-offs	(828)	–	(278)	–	–	–	(1,106)
Transfers/Reclassifications	702	–	–	–	–	(702)	–
At 31 March 2016	27,208	2,508	408	136	348	14,354	44,962
Accumulated depreciation and impairment losses							
At 1 April 2014	15,581	1,906	161	16	69	–	17,733
Depreciation charge for the year	3,336	334	66	10	10	–	3,756
Disposals/Write-offs	(50)	(6)	–	–	(39)	–	(95)
At 31 March 2015	18,867	2,234	227	26	40	–	21,394
At 1 April 2015	18,867	2,234	227	26	40	–	21,394
Depreciation charge for the year	3,001	149	50	19	18	–	3,237
Disposals/Write-offs	(746)	–	(97)	–	–	–	(843)
At 31 March 2016	21,122	2,383	180	45	58	–	23,788
Carrying amount							
At 31 March 2015	8,147	270	221	31	51	3,700	12,420
At 31 March 2016	6,086	125	228	91	290	14,354	21,174

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5. Intangible Asset

	Goodwill	
	2016 \$'000	2015 \$'000
Group		
Cost		
At 1 April and 31 March	63,373	63,373
Impairment losses		
At 1 April and 31 March	49,759	49,759
Carrying amount		
At 1 April and 31 March	13,614	13,614
Impairment Test for Business Unit Containing Goodwill		
Goodwill is allocated to the Group's business unit:		
	2016 \$'000	2015 \$'000
Taxi operations	13,614	13,614

The recoverable amount of the taxi operations is determined based on value-in-use calculations. The calculations use cash flow projections based on an approved five-year plan. The terminal value at the end of the five-year period is computed using the capitalised earnings method which converts a single period of expected earnings into an indication of value based on a capitalisation rate or earnings multiple. The key assumptions used for the analysis are:

- The size of the taxi fleet approximate those existing at date of review.
- Taxi rental rates approximate current levels and are based on prevailing market conditions and age of vehicles.
- Operating expenses are based on historical trends, taking into account expected inflation.
- The pre-tax Weighted Average Cost of Capital ("WACC") of the Group is approximately 7% (2015: 6%) per annum.

The Taxi business is sensitive to changes in the cost of Certificates of Entitlement ("COE") prices for the taxi vehicles. If the cost of COE continues to increase, resulting in a 51% drop (2015: 16%) in the forecast cash flows, the recoverable amount will be reduced to a level comparable with its carrying value. If Management's estimated pre-tax WACC applied to the discounted cash flows as at 31 March 2016 is increased by 5% (2015: 1%), the recoverable amount will be reduced to a level comparable with its carrying value.

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6. Investments in Subsidiaries

	Company	
	2016 \$'000	2015 \$'000
Unquoted equity shares, at cost	418,332	418,332
Impairment losses	(92,509)	(92,509)
	325,823	325,823

Details of the subsidiaries are as follows:

Name of subsidiaries	Place of incorporation and business	Effective equity interest held by the Group	
		2016 %	2015 %
¹ SMRT Trains Ltd. and its subsidiary:	Singapore	100	100
¹ SMRT Light Rail Pte. Ltd.	Singapore	100	100
¹ SMRT Services Pte. Ltd. and its subsidiary:	Singapore	100	100
² SMRT Engineering (Middle East) FZE	United Arab Emirates	100	100
¹ SMRT International Pte Ltd	Singapore	100	100
¹ SMRT Commercial Pte. Ltd. and its subsidiaries:	Singapore	100	100
¹ SMRT Alpha Pte. Ltd.	Singapore	70	70
¹ SMRT Advertising & Properties Pte. Ltd.	Singapore	100	–
¹ The X Collective Pte. Ltd.	Singapore	100	–
¹ SMRT Road Holdings Ltd. and its subsidiaries:	Singapore	100	100
¹ SMRT Buses Ltd.	Singapore	100	100
¹ SMRT Taxis Pte. Ltd. and its subsidiary:	Singapore	100	100
¹ Strides Transportation Pte. Ltd.	Singapore	100	–
¹ SMRT Automotive Services Pte. Ltd.	Singapore	100	100
¹ Bus-Plus Services Pte Ltd	Singapore	100	100
¹ SMRT Capital Pte. Ltd.	Singapore	100	100
¹ SMRT Far East Pte. Ltd. and its subsidiaries:	Singapore	100	100
⁴ SMRT Cayman I	Cayman Islands	100	100
⁴ SMRT Cayman II	Cayman Islands	100	100
³ SMRT Hong Kong Limited	Hong Kong	100	100
¹ SMRT Institute Pte. Ltd.	Singapore	100	100
¹ Singapore Rail Engineering Pte. Ltd.	Singapore	100	100

¹ Audited by PricewaterhouseCoopers LLP, Singapore

² Audited by PricewaterhouseCoopers United Arab Emirates

³ Audited by PricewaterhouseCoopers LLP, Hong Kong

⁴ Not required to be audited in its country of incorporation

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7. Interests in Associates and Joint Ventures

	Group	
	2016 \$'000	2015 \$'000
Interests in associates and joint ventures	69,312	73,062
Impairment loss	(17,294)	(17,294)
	52,018	55,768

The summarised financial information relating to the associates and joint ventures disclosed below is not adjusted for the percentage of ownership held by the Group.

Details of the material associate are as follows:

Name of associate	Place of incorporation and business	Effective equity interest held by the Group	
		2016 %	2015 %
Held by SMRT Far East Pte. Ltd.:			
Shenzhen Zona Transportation Group Co., Ltd.	The People's Republic of China	49	49

The principal activities of Shenzhen Zona Transportation Group Co., Ltd. are that of taxi services, bus services, vehicle management and maintenance services.

Summarised financial information of the material associate is as follows:

Summarised Balance Sheet		2016 \$'000	2015 \$'000
Current assets		22,336	38,463
<i>Includes:</i>			
– Cash and cash equivalents		2,556	20,657
Current liabilities		91,522	111,952
<i>Includes:</i>			
– Financial liabilities (excluding trade payables)		87,433	107,561
Non-current assets		195,013	222,937
Non-current liabilities		19,377	36,797
<i>Includes:</i>			
– Financial liabilities		17,913	34,478
– Other liabilities		1,463	2,319
Summarised Statement of Comprehensive Income		2016 \$'000	2015 \$'000
Revenue		77,705	65,613
Interest income		88	64
Expenses			
<i>Includes:</i>			
– Depreciation and amortisation		(15,368)	(14,236)
– Interest expense		(1,183)	(5,221)
Profit before income tax		7,105	5,075
Income tax expense		(1,319)	(1,008)
Profit after income tax		5,786	4,067
Dividends received from associated company		584	356

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7. Interests in Associates and Joint Ventures (cont'd)

Details of the joint ventures are as follows:

		Effective equity interest held by the Group	
Name of joint ventures	Place of incorporation and business	2016 %	2015 %
Held by SMRT Road Holdings Ltd.:			
Hailo Singapore Pte. Ltd.	Singapore	50	50
Held by Singapore Rail Engineering Pte. Ltd.:			
Railise Pte. Ltd.	Singapore	50	50
Faivelev Rail Engineering Singapore Pte. Ltd.	Singapore	50	

The principal activity of Hailo Singapore Pte. Ltd. is that of an operator of the Hailo taxi booking application in Singapore.

The principal activities of Railise Pte. Ltd. are marketing and supply of energy efficient propulsion systems to mass transit operators in global markets (excluding Japan), as well as provision of integration services which allow new traction system to seamlessly work with other components of the train.

The principal activities of Faiveley Rail Engineering Singapore Pte. Ltd. are marketing and supply of Maintenance, Repair and Overhaul ("MRO") services for specific rolling stock components in Southeast Asia (excluding Thailand, Hong Kong and Taiwan).

Summarised financial information of the joint ventures is as follows:

	Hailo Singapore Pte. Ltd.		Railise Pte. Ltd.		Faiveley Rail Engineering Singapore Pte. Ltd.		Total	
Summarised Balance Sheet	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Current assets	1,118	1,665	5,133	–	3,694	–	9,945	1,665
<i>Includes:</i>								
– Cash and cash equivalents	46	240	3,693	–	1,433	–	5,172	240
Current liabilities	1,129	386	5,970	253	3,492	–	10,591	639
<i>Includes:</i>								
– Financial liabilities (excluding trade payables)	1,000	246	1	253	157	–	1,158	499
Non-current assets	2	1,230	7	–	4	–	13	1,230
Non-current liabilities	–	–	–	–	–	–	–	–

	Hailo Singapore Pte. Ltd.		Railise Pte. Ltd.		Faiveley Rail Engineering Singapore Pte. Ltd.		Total	
Summarised Statement of Comprehensive Income	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Revenue	44	35	2,839	–	4,518	–	7,401	35
Expenses								
<i>Includes:</i>								
– Depreciation and amortisation	(28)	(13)	(1)	–	–	–	(29)	(13)
(Loss)/Profit before & after income tax	(1,318)	(1,691)	(577)	(253)	207	–	(1,688)	(1,944)

8. Other Investments

	Group	
	2016 \$'000	2015 \$'000
Non-current		
Quoted available-for-sale equity security	2,732	4,175
Quoted held-to-maturity debt securities	16,420	16,454
	19,152	20,629

Held-to-maturity debt securities bear interest at rates ranging from 3.08% to 3.60% (2015: 3.08% to 3.60%) per annum and will mature in 4.28 years to 6.45 years (2015: 5.28 years to 7.46 years).

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8. Other Investments (cont'd)

The maximum exposure to credit risk of the debt securities at the balance sheet date is the carrying amount. Debt securities are neither past due nor impaired.

9. Inventories

	Group	
	2016 \$'000	2015 \$'000
Spare parts, diesel, tyres and consumable stores	97,691	98,847
Allowance for obsolete inventories	(17,610)	(17,930)
	80,081	80,917

10. Trade and Other Receivables

	Note	Group		Company	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Trade receivables	10(a)	37,105	34,430	61	–
Other receivables, deposits and prepayments	10(b)	155,094	133,254	4,915	4,300
Amounts due from subsidiaries	10(c)	–	–	50,007	65,405
		192,199	167,684	54,983	69,705

10(a) Trade Receivables

	Note	Group		Company	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Trade receivables	27	42,863	39,828	61	–
Allowance for doubtful receivables	27	(5,758)	(5,398)	–	–
		37,105	34,430	61	–

Trade receivables of the Group include \$1,125,000 (2015: \$901,000) due from subsidiaries and/or associates of the ultimate holding company and \$2,474,000 (2015: \$Nil) due from joint ventures. There is no allowance for doubtful debts arising from the outstanding balances.

Trade receivable of the Company is due from a joint venture which is neither past due nor impaired.

10(b) Other Receivables, Deposits and Prepayments

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Deposits	932	234	19	19
Prepayments	16,474	9,955	2,967	1,666
Staff loans and advances	1,064	1,058	60	54
Interest receivable	120	115	–	–
Recoverable in respect of accident claims	9,315	8,335	–	–
Advances to suppliers	40,426	29,299	13	81
Other receivables	86,763	84,258	1,856	2,480
	155,094	133,254	4,915	4,300

10(c) Amounts Due from Subsidiaries

	Company	
	2016 \$'000	2015 \$'000
Current account (trade)	50,007	37,726
Interest-bearing loans	–	27,679
	50,007	65,405

In the previous financial year, the interest-bearing loans to subsidiaries are unsecured, bear interest at 0.48% per annum and are repayable on demand. The remaining balances are unsecured, interest-free and repayable on demand. There is no allowance for doubtful debts arising from the outstanding balances.

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11. Share Capital

	Group and Company			
	2016		2015	
	No. of shares '000	\$'000	No. of shares '000	\$'000
Fully-paid ordinary shares, with no par value				
At 1 April	1,522,138	169,143	1,521,508	168,240
Issue of performance shares under SMRT RSP & SMRT PSP	1,714	2,428	630	903
At 31 March	1,523,852	171,571	1,522,138	169,143

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Capital management

The Company's primary objectives in capital management are to maintain a capital base and commensurate with the Group's scale of operations to sustain future development of the business and to provide adequate returns to shareholders.

Management monitors the return on capital, which the Group defines as total shareholders' equity, excluding non-controlling interest. The Board of Directors also monitors the level of dividends to ordinary shareholders.

Management regularly reviews and manages its capital structure to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There was no change in the Group's approach to capital management during the financial year.

Certain subsidiaries of the Group are subject to obligations and capital expenditure requirements imposed under the Licence and Operating Agreement in note 2. The Company undertakes periodic discussions with the regulator to enable such requirements be fulfilled in meeting its capital management objectives.

12. Reserves

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Fair value reserve	(978)	465	–	–
Hedge reserve	(121)	(630)	–	–
Share-based payment reserve	4,420	3,185	4,420	3,185
Foreign currency translation reserve	(39)	6,125	–	–
	3,282	9,145	4,420	3,185

The fair value reserve includes the cumulative net change in the fair value of available-for-sale investment until the investment is derecognised or impaired.

The hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments.

The share-based payment reserve represents the cumulative value of services received from employees for the issue of share options and performance shares. For information about the equity compensation benefits plans, refer to note 13.

The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company.

13. Equity Compensation Benefits

On 15 July 2004, members of the Company approved the adoption of the SMRT RSP 2004 and the SMRT PSP 2004 (collectively, "Share Plans 2004") at an EGM. With the expiry of the Share Plans 2004 on 14 July 2014, members of the Company approved the adoption of the SMRT RSP 2014 and SMRT PSP 2014 (collectively, "Share Plans 2014") at the AGM held on 16 July 2014.

The Share Plans 2014 are administered by the Remuneration Committee (the "Committee"), comprising Mr Koh Yong Guan, Chairman of the Committee, Mr Yap Chee Meng, Mr Tan Ek Kia and Madam Moliah Hashim.

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13. Equity Compensation Benefits (cont'd)

In exercising its discretion, the Committee must act in accordance with any guidelines that may be provided by the Board of Directors. The Committee shall refer any matter not falling within the scope of its terms of reference to the Board. The Committee shall have the power, from time to time, to make and vary such terms for the implementation and administration of the Share Plans 2004 as it thinks fit.

The salient features of the Share Plans 2004 and Share Plans 2014 are as follows:

Share Plans 2004 and Share Plans 2014 (Collectively the "Plans")

- (a) SMRT RSP 2004 and SMRT RSP 2014 are intended to enhance the Group's overall compensation packages and strengthen the Group's ability to attract and retain high performing talent.
- (b) SMRT PSP 2004 and SMRT PSP 2014 are targeted at senior management in key positions who are able to drive the growth of the Group through innovation, creativity and superior performance.
- (c) Eligible participants
 - Group employees who have attained the age of 21 years and hold such rank as may be designated by the Committee from time to time; and
 - Associated company employees who have attained the age of 21 years and hold such rank as may be designated by the Committee from time to time and who, in the opinion of the Committee, have contributed or will contribute to the success of the Group.

The selection of employees and the number of shares which are the subject of each award to be granted to employees in accordance with the Plans shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as rank, job performance, creativity, innovativeness, entrepreneurship, years of service and potential for future development, contribution to the success and development of the Group and the extent of effort and resourcefulness required to achieve the performance target(s) within the performance period.

(d) Awards

Awards represent the right of an employee to receive fully paid shares, their equivalent cash value or combination thereof, free of charge, provided that certain prescribed performance targets are met and upon expiry of the prescribed vesting period.

It is the intention of SMRT to ensure that awards made under SMRT RSP 2004 and SMRT RSP 2014 are aligned with the principle of pay-for-performance.

Awards granted under SMRT PSP 2004 and SMRT PSP 2014 are performance-based and the targets set under the plan are intended to be based on long-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth.

An individual employee who is a key management staff may be granted awards under SMRT PSP 2004 and SMRT PSP 2014, as well as SMRT RSP 2004 and SMRT RSP 2014 although differing performance targets are likely to be set for each award.

For Share Plans 2004, non-executive directors of the Group, the holding company and associated companies were not eligible to participate. For Share Plans 2014, non-executive directors of the Group will be eligible to participate.

(e) Size and duration

The aggregate number of shares which may be issued or transferred pursuant to awards granted under the Plans, when added to the aggregate number of shares issued and issuable and/or transferred and transferable in respect of (a) all awards granted under the Plans and (b) all awards, shares and options granted under any other share scheme implemented by the Company and for the time being in force, shall not exceed 10% (2015: 10%) of the total number of issued shares of the Company (excluding treasury shares) on the day preceding that date.

In addition, the total number of shares which may be issued or transferred pursuant to awards granted under the Plans from the date of the AGM to be held on 5 July 2016 and the date of the next AGM or the date by which the next AGM is required by law to be held, whichever is the earlier, shall not exceed 1% (2015: 1%) of the total number of issued shares (excluding treasury shares) from time to time.

The Share Plans 2004 was in force at the discretion of the Committee for a maximum period of 10 years commencing from 15 July 2004 and expired on 14 July 2014. The Share Plans 2014 shall continue in force at the discretion of the Committee, subject to a maximum period of 10 years commencing from 16 July 2014, provided always that the Share Plans 2014 may continue beyond the 10-year period with the approval of the shareholders in a general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the Share Plans 2004 or Share Plans 2014, any awards made to employees prior to such expiry or termination will continue to remain valid.

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13. Equity Compensation Benefits (cont'd)

Share Plans 2004 and Share Plans 2014 (Collectively the "Plans") (cont'd)

(f) Events prior to vesting

Special provisions for vesting and lapsing of awards apply such as the termination of the employment, misconduct, retirement and any other events approved by the Committee. Upon occurrence of any of the events, the Committee will consider, at its discretion, whether or not to release any award, and will take into account circumstances on a case-by-case basis, including (but not limited to) the contributions made by the employee.

During the financial year, the conditional shares awarded under the Share Plans 2014 to the senior management staff are described below:

	SMRT PSP 2014	SMRT RSP 2014
Plan description	Award of fully-paid ordinary shares of SMRT, conditional on performance targets set at the start of a three-year performance period based on stretched long-term corporate objectives.	Award of fully-paid ordinary shares of SMRT, conditional on performance targets set at the start of a one-year performance period based on medium-term corporate objectives.
Date of grant	3 August 2015	3 August 2015 and 31 August 2015
Performance period	1 April 2015 to 31 March 2018	1 April 2015 to 31 March 2016
Vesting condition	Based on meeting stated performance conditions over a three-year performance period.	Based on meeting stated performance conditions over a one-year performance period, 50% of the award will vest. Balance will vest equally over the subsequent two years with fulfilment of service requirements.
Payout	0% - 150% depending on the achievement of pre-set performance targets over the performance period.	0% - 144% depending on the achievement of pre-set performance targets over the performance period.

A prospective Monte Carlo simulation model involving projection of future outcomes using statistical distributions of key random variables including share price and volatility of returns was used to value the conditional share awards. The simulation model was based on the following key assumptions:

	2016		2015	
	SMRT PSP 2014	SMRT RSP 2014	SMRT PSP 2014	SMRT RSP 2014
Assumptions at Grant Date				
Historical volatility				
SMRT				
– 15 October 2014	–	–	20.22%	20.22%
– 15 December 2014	–	–	–	20.97%
– 3 August 2015	23.245%	23.245%	–	–
– 31 August 2015	–	24.286%	–	–
Straits Times Index				
– 15 October 2014	–	–	11.55%	–
– 3 August 2015	5.56%	–	–	–
Risk-free interest rates				
Yield of Singapore Government Securities on Date of Grant				
– 15 October 2014	–	–	1.195%	0.322% – 1.195%
– 15 December 2014	–	–	–	0.566% – 0.705%
– 3 August 2015	1.289%	0.932% – 1.289%	–	–
– 31 August 2015	–	0.969% – 1.407%	–	–
Term				
– 15 October 2014	–	–	2.7 years	0.7 to 2.7 years
– 15 December 2014	–	–	–	0.5 to 2.5 years
– 3 August 2015	2.9 years	1 to 3 years	–	–
– 31 August 2015	–	0.9 to 2.9 years	–	–
SMRT expected dividend yield	– – – Management's forecast – – –		– – – Management's forecast – – –	
Share price				
– 15 October 2014	–	–	\$1.48	\$1.48
– 15 December 2014	–	–	–	\$1.58
– 3 August 2015	\$1.355	\$1.355	–	–
– 31 August 2015	–	\$1.220	–	–

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13. Equity Compensation Benefits (cont'd)

Share Plans 2004 and Share Plans 2014 (Collectively the "Plans") (cont'd)

For non-market conditions, achievement factors have been estimated for the purpose of accrual for the SMRT RSP until the achievement of the targets can be accurately ascertained.

Details of conditional shares awarded in previous years are set out in the financial statements for the previous years.

The details of shares awarded, cancelled and released during the year pursuant to the Plans were as follows:

SMRT PSP

Grant date	Balance as at 1 April 2015	Shares granted during the financial year	Shares forfeited during the financial year	Shares issued during the financial year	Adjustment due to performance modifier effect	Balance as at 31 March 2016 or as at date of resignation
26 December 2012						
– For senior management	150,000	–	(124,200)	(25,800)	–	–
31 July 2013						
– For senior management	210,000	–	(30,000)	–	–	180,000
– For executive director (Desmond Kuek Bak Chye)	130,000	–	–	–	–	130,000
15 October 2014						
– For senior management	486,384	–	–	–	–	486,384
– For executive director (Desmond Kuek Bak Chye)	130,000	–	–	–	–	130,000
3 August 2015						
– For senior management	–	615,479	–	–	–	615,479
– For executive director (Desmond Kuek Bak Chye)	–	130,000	–	–	–	130,000
	1,106,384	745,479	(154,200)	(25,800)	–	1,671,863

SMRT PSP

Grant date	Balance as at 1 April 2014	Shares granted during the financial year	Shares forfeited during the financial year	Shares issued during the financial year	Adjustment due to performance modifier effect	Balance as at 31 March 2015 or as at date of resignation
30 March 2012						
– For senior management	138,000	–	–	–	(138,000)	–
26 December 2012						
– For senior management	215,000	–	(65,000)	–	–	150,000
31 July 2013						
– For senior management	275,000	–	(65,000)	–	–	210,000
– For executive director (Desmond Kuek Bak Chye)	130,000	–	–	–	–	130,000
15 October 2014						
– For senior management	–	486,384	–	–	–	486,384
– For executive director (Desmond Kuek Bak Chye)	–	130,000	–	–	–	130,000
	758,000	616,384	(130,000)	–	(138,000)	1,106,384

The estimated fair value at date of grant for each share granted on 3 August 2015 pursuant to SMRT PSP was \$1.16.

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13. Equity Compensation Benefits (cont'd)

Share Plans 2004 and Share Plans 2014 (Collectively the "Plans") (cont'd)

SMRT RSP

Grant date	Balance as at 1 April 2015	Shares granted during the financial year	Shares forfeited during the financial year	Shares issued during the financial year	Adjustment due to performance modifier effect	Balance as at 31 March 2016 or as at date of resignation
30 March 2012						
– For senior management	45,600	–	(3,500)	(42,100)	–	–
26 December 2012						
– For senior management	72,200	–	(3,900)	(68,300)	–	–
31 July 2013						
– For senior management	610,200	–	(40,100)	(318,200)	–	251,900
– For executive director (Desmond Kuek Bak Chye)	104,000	–	–	(52,000)	–	52,000
15 October 2014						
– For senior management	2,071,103	–	(46,725)	(1,104,814)	141,747	1,061,311
– For executive director (Desmond Kuek Bak Chye)	130,000	–	–	(88,140)	46,280	88,140
15 December 2014						
– For senior management	37,905	–	(5,836)	(14,496)	(3,079)	14,494
3 August 2015						
– For senior management	–	2,307,205	(50,000)	–	–	2,257,205
– For executive director (Desmond Kuek Bak Chye)	–	130,000	–	–	–	130,000
31 August 2015						
– For senior management	–	123,314	–	–	–	123,314
	3,071,008	2,560,519	(150,061)	(1,688,050)	184,948	3,978,364

SMRT RSP

Grant date	Balance as at 1 April 2014	Shares granted during the financial year	Shares forfeited during the financial year	Shares issued during the financial year	Adjustment due to performance modifier effect	Balance as at 31 March 2015 or as at date of resignation
23 August 2010						
– For senior management	109,800	–	–	(109,800)	–	–
30 March 2012						
– For senior management	95,400	–	(1,800)	(48,000)	–	45,600
26 December 2012						
– For senior management	166,000	–	(12,500)	(81,300)	–	72,200
31 July 2013						
– For senior management	1,052,500	–	(103,600)	(338,700)	–	610,200
– For executive director (Desmond Kuek Bak Chye)	156,000	–	–	(52,000)	–	104,000
15 October 2014						
– For senior management	–	2,086,103	(15,000)	–	–	2,071,103
– For executive director (Desmond Kuek Bak Chye)	–	130,000	–	–	–	130,000
15 December 2014						
– For senior management	–	37,905	–	–	–	37,905
	1,579,700	2,254,008	(132,900)	(629,800)	–	3,071,008

The estimated fair values at grant date for each share granted on 3 August 2015 and 31 August 2015 pursuant to SMRT RSP 2014 range from \$1.257 to \$1.323 and \$1.133 to \$1.194 respectively.

Under the Plans, eligible key executives are required to hold a portion of the shares released to them under a share ownership guideline which requires them to maintain a beneficial ownership stake in SMRT, thus further aligning their interests with shareholders.

The number of contingent shares granted but not released as at 31 March 2016 were 1,671,863 (2015: 1,106,384) for SMRT PSP 2004 and SMRT PSP 2014, and 3,978,364 (2015: 3,071,008) for SMRT RSP 2004 and SMRT RSP 2014.

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13. Equity Compensation Benefits (cont'd)

Share Plans 2004 and Share Plans 2014 (Collectively the "Plans") (cont'd)

Based on the multiplying factor, the actual release of the awards could range from zero to a maximum of 2,507,795 (2015: 1,659,600) fully-paid SMRT shares for SMRT PSP 2004 and SMRT PSP 2014, and 5,082,988 (2015: 4,056,200) fully-paid SMRT shares for SMRT RSP 2004 and SMRT RSP 2014.

The total amount recognised in the financial statements (before taxes) for share-based payment transactions with employees is summarised as follows:

	Group and Company	
	2016 \$'000	2015 \$'000
Expenses		
(i) Performance share plan under SMRT PSP	469	168
(ii) Performance-based restricted shares under SMRT RSP	3,194	1,943
	3,663	2,111

14. Interest-Bearing Borrowings

This note provides information about the contractual terms of interest-bearing borrowings. For more information about the Group's exposure to interest rate risk, refer to note 27.

	Group	
	2016 \$'000	2015 \$'000
Non-current liabilities		
Unsecured quoted fixed rate notes	750,000	750,000
Secured loan from third party	—	62,671
	750,000	812,671
Current liabilities		
Secured loan from third party	67,119	4,884
Unsecured loan from non-controlling shareholder of subsidiary	4,050	4,050
	71,169	8,934
Total	821,169	821,605

Terms and Debt Repayment Schedule

Group	Interest rate	Year of maturity	Note	Carrying amount	
				2016 \$'000	2015 \$'000
Unsecured loan from non-controlling shareholder of subsidiary	4.00%	Repayable on demand		4,050	4,050
Unsecured quoted fixed rate notes	1.20%	2017	(b)(i)	350,000	350,000
Unsecured quoted fixed rate notes	1.388%	2017	(b)(ii)	200,000	200,000
Unsecured quoted fixed rate notes	2.363%	2022	(b)(iii)	100,000	100,000
Unsecured quoted fixed rate notes	3.072%	2024	(b)(iv)	100,000	100,000
Secured loan from third party	6.00%	2032	(c)	67,119	67,555
				821,169	821,605

The Group has established the following Medium Term Note ("MTN") Programmes, pursuant to which the companies that established the programmes may issue notes from time to time to finance the general corporate funding requirements of the Group.

(a) On 13 January 2005, the Company put in place a S\$500 Million Multi-Currency MTN Programme.

(b) On 15 September 2009, a subsidiary put in place a S\$1 Billion Multi-Currency Guaranteed MTN Programme. This MTN Programme was increased to S\$1.3 Billion on 9 May 2014.

Under these MTN Programmes, the companies that established the programmes may issue notes in Singapore dollars or other currencies, in various amounts and tenors, which may bear fixed, floating or variable rates of interest. Hybrid notes and zero coupon notes may also be issued under the MTN Programmes.

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14. Interest-Bearing Borrowings (cont'd)

Terms and Debt Repayment Schedule (cont'd)

Details of notes outstanding at the balance sheet date are as follows:

- (i) The S\$350 million 5-year unsecured fixed rate notes issued by a subsidiary on 5 October 2012 is due in 2017. Interest is payable semi-annually in arrears. The fixed rate notes are listed on the SGX-ST.
- (ii) The S\$200 million 3-year unsecured fixed rate notes issued by a subsidiary on 16 October 2014 is due in 2017. Interest is payable semi-annually in arrears. The fixed rate notes are listed on the SGX-ST.
- (iii) The S\$100 million 10-year unsecured fixed rate notes issued by a subsidiary on 5 October 2012 is due in 2022. Interest is payable semi-annually in arrears. The fixed rate notes are listed on the SGX-ST.
- (iv) The S\$100 million 10-year unsecured fixed rate notes issued by a subsidiary on 11 June 2014 is due in 2024. Interest is payable semi-annually in arrears. The fixed rate notes are listed on the SGX-ST.
- (v) The loan from third party extended to a subsidiary is secured on a fixed charge over the buses and associated accessories acquired under the Bus Service Enhancement Programme ("BSEP"). The repayment of loan is funded to the extent of the BSEP grant made available to the subsidiary. At balance sheet date, the carrying amount of buses and associated accessories pledged amounted to \$73,541,000 (2015: \$73,380,000).

The Company has extended guarantee to the holders of the notes in respect of the subsidiary's S\$1.3 Billion Multi-Currency Guaranteed MTN Programme. The financial guarantees amounted to \$806,658,000 (2015: \$819,069,000). The period in which the financial guarantees expire is as follows:

	Company	
	2016 \$'000	2015 \$'000
Less than 1 year	12,445	12,411
Between 1 and 5 years	584,166	591,176
More than 5 years	210,047	215,482
	806,658	819,069

15. Provisions

	Note	Group		Company	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Liability for defined benefit plan	15(a)	30	32	–	–
Liability for short-term accumulating compensated absences	15(b)	5,701	5,141	809	578
Provision for accident claims	15(c)	56,257	52,754	–	–
		61,988	57,927	809	578

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Current	61,958	57,895	809	578
Non-current	30	32	–	–
	61,988	57,927	809	578

(a) Liability for defined benefit plan

The Group has a retirement benefit plan each for certain eligible management staff/executives and other employees. The terms of these plans, which are unfunded, are as follows:

- (i) Certain management staff and executives who are eligible for the scheme, subject to having completed at least five years of service prior to 31 March 2004, are entitled to a future benefit payable upon their retirement of an amount equal to 10% of their monthly basic salary as at 31 March 2004 multiplied by each completed year of service as at 31 March 2004. The maximum benefit is capped at two and a half times of their monthly basic salary as at 31 March 2004.
- (ii) Certain other employees who are eligible for the scheme, subject to having joined on or before 31 March 2004, are entitled to a future benefit payable upon their retirement of an amount equal to 10% of their last drawn monthly basic salary multiplied by each completed year of service up to 62 years of age. The maximum benefit is capped at two and a half times of the last drawn monthly basic salary.

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15. Provisions (cont'd)

(a) Liability for defined benefit plan (cont'd)

Movements in the net liability recognised in the balance sheet

	Note	Group	
		2016 \$'000	2015 \$'000
At 1 April		32	25
Expense (reversed)/recognised during the year	21(b)	(2)	7
At 31 March		30	32

Recognised in the income statement

	Group	
	2016 \$'000	2015 \$'000
Current service (credits)/costs	(3)	6
Interest on obligations	1	1
	(2)	7

Principal actuarial assumptions

Principal actuarial assumptions used in calculating the Group's liability for defined benefit plan include estimated future salary increases, employee turnover rates based on historical trends and discount rates based on the market yield at balance sheet date on quoted Singapore Government Bonds that have maturity dates approximating the average discount period.

(b) Liability for short-term accumulating compensated absences

Short-term accumulating compensated absences are recognised when the employees render services that increase their entitlement to future compensated absences.

Movements in the net liability recognised in the balance sheet

Movements in the net liability recognised in the balance sheet					
		Group		Company	
	Note	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
At 1 April		5,141	2,673	578	252
Provision made during the year	21(b)	565	2,468	231	326
Provision used		(5)	–	–	–
At 31 March		5,701	5,141	809	578

(c) Provision for accident claims

Provision for accident claims are accounted for in accordance with the accounting policy set out in note 3.18. The Group expects to incur the liability over the next 12 months.

Movements in the net liability recognised in the balance sheet

	Group	
	2016 \$'000	2015 \$'000
At 1 April	52,754	47,590
Provision made during the year	31,579	28,938
Provision used during the year	(28,076)	(23,774)
At 31 March	56,257	52,754

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16. Deferred Tax

Deferred tax liabilities/(assets) and movements in temporary differences during the year are attributable to the following:

	At 1/4/2014 \$'000	Recognised in income statement (note 22) \$'000	Recognised in other comprehensive income (note 22) \$'000	At 31/3/2015 \$'000	Recognised in income statement (note 22) \$'000	Recognised in other comprehensive income (note 22) \$'000	At 31/3/2016 \$'000
Group							
Excess of net book value over tax written down value of property, plant and equipment	178,880	21,339	–	200,219	30,853	–	231,072
Other temporary differences	(23,072)	(11,388)	(110)	(34,570)	3,334	104	(31,132)
	155,808	9,951	(110)	165,649	34,187	104	199,940
Company							
Excess of net book value over tax written down value of property, plant and equipment	1,477	158	–	1,635	1,486	–	3,121
Other temporary differences	(42)	(83)	–	(125)	(633)	–	(758)
	1,435	75	–	1,510	853	–	2,363

17. Fuel Equalisation Account ("FEA")

	Group	
	2016 \$'000	2015 \$'000
At 1 April and 31 March	20,312	20,312

The FEA is accounted for in accordance with the policy set out in note 3.20.

18. Deferred Grants

	Note	Group	
		2016 \$'000	2015 \$'000
Grants received		493,138	488,113
Accumulated amortisation:			
At 1 April		(448,355)	(438,327)
Amortisation during the year		(9,676)	(10,025)
Released on assets disposed/written-off	21(a)	(491)	(3)
At 31 March		(458,522)	(448,355)
		34,616	39,758

Included in grants received is \$480,000,000 (2015: \$480,000,000) of asset-related grant from LTA to defray part of the purchase cost of the operating assets of the MRT system.

19. Trade and Other Payables

	Note	Group		Company	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Trade payables and accrued operating expenses	19(a)	290,888	251,655	26,201	17,928
Other payables and refundable deposits	19(b)	376,862	316,576	7,441	7,131
Amounts due to subsidiaries	19(c)	–	–	22,465	200
		667,750	568,231	56,107	25,259

19(a) Trade Payables and Accrued Operating Expenses

Trade payables and accrued operating expenses of the Group include \$2,777,000 (2015: \$1,440,000) due to subsidiaries and/or associates of the ultimate holding company and \$1,618,000 (2015: \$Nil) due to joint ventures.

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19(a) Trade Payables and Accrued Operating Expenses (cont'd)

Trade payables and accrued operating expenses of the Company include \$64,000 (2015: \$43,000) due to subsidiaries and/or associates of the ultimate holding company.

Trade payables and accrued operating expenses are unsecured, interest-free and repayable on demand.

19(b) Other Payables and Refundable Deposits

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Unearned revenue	5,210	6,139	–	–
Rental deposits	38,254	38,696	–	–
Other deposits	9,352	9,163	76	53
Interest payable	5,601	5,405	–	–
Purchase of property, plant and equipment	310,645	249,766	729	2,027
Other payables	7,800	7,407	6,636	5,051
	376,862	316,576	7,441	7,131

19(c) Amounts Due to Subsidiaries

	Company	
	2016 \$'000	2015 \$'000
Current account (non-trade)	800	200
Interest-bearing loans	21,665	–
	22,465	200

The interest-bearing loans from subsidiaries are unsecured, bear interest at 1.73% (2015: Nil%) per annum and are repayable on demand.

The non-trade balances are unsecured, interest-free and are repayable on demand.

20. Revenue

	Group	
	2016 \$'000	2015 \$'000
Passenger revenue	929,483	892,139
Taxi rental	137,579	130,034
Rental revenue	135,616	120,378
Advertising revenue	38,950	36,178
Sales of goods	10,273	12,850
Engineering and others	44,688	43,956
	1,296,589	1,235,535

21. Profit before Income Tax

The following items have been included in arriving at profit before income tax:

	Note	Group	
		2016 \$'000	2015 \$'000
(a) Other operating income			
Unutilised tickets and farecards		1,396	1,556
Maintenance income		10,198	8,204
Grant released upon disposal/write-off of property, plant and equipment	18	491	3
Grant income		48,796	33,585
Others		16,452	14,613
		77,333	57,961

Included in grant income is the BSEP Grant received from the LTA to defray the cost of purchasing and running additional buses under the Bus Service Enhancement Programme.

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21. Profit before Income Tax (cont'd)

	Note	Group	
		2016 \$'000	2015 \$'000
(b) Staff costs			
Wages and salaries		459,202	413,907
Defined contribution plans		56,012	49,214
Special employment credit/Wage credit scheme		(17,360)	(14,145)
Defined benefit plan	15(a)	(2)	7
Short-term accumulating compensated absences	15(b)	565	2,468
Value of employee services received for share-based payment		3,663	2,111
Other staff-related expenses and benefits-in-kind		33,871	30,031
		535,951	483,593
Included in staff costs is compensation to key management personnel of the Group as follows:			
Directors' fees – Company		876	908
Director and senior management personnel of the Group:			
– employee benefits		20,619	15,192
– defined contribution plans		424	303
		21,919	16,403
(c) Other operating expenses			
Audit fees paid to:			
– auditors of the Company		340	334
– other auditors		21	21
Non-audit fees paid to auditors of the Company		272	297
Cost of inventories sold		6,391	9,634
Foreign exchange loss		317	150
Licence fees paid to LTA		6,353	6,345
Operating lease expenses		22,804	16,499
Loss on disposal of property, plant and equipment		3,484	124
Property, plant and equipment written off		4,050	4,815
(d) Finance costs			
Net change in fair value of cash flow hedge transferred to the income statement		–	113
Interest paid and payable on quoted fixed rate notes and shareholder's loan		12,607	12,414
		12,607	12,527
(e) Interest and investment income			
Dividends received from available-for-sale equity security		155	206
Interest income from:			
– bank deposits and balances		601	748
– held-to-maturity debt securities		515	633
		1,271	1,587

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22. Income Tax Expense

	Group	
	2016 \$'000	2015 \$'000
Current tax expense		
Current year	6	565
(Over)/Under provision in respect of prior years	(13,135)	9,886
	(13,129)	10,451
Deferred tax expense		
Movements in temporary differences	25,701	18,494
Under/(Over) provision in respect of prior years	8,486	(8,543)
	34,187	9,951
Income tax expense	21,058	20,402
Reconciliation of effective tax rate		
	Group	
	2016 \$'000	2015 \$'000
Profit before income tax	129,333	110,856
Less: Share of results of associates and joint ventures (net of tax)	(2,219)	(989)
	127,114	109,867
Tax calculated using Singapore tax rate of 17% (2015: 17%)	21,609	18,677
Expenses not deductible for tax purposes	5,822	3,762
Income not subject to tax	(3,096)	(2,352)
(Over)/Under provision in respect of prior years	(4,649)	1,343
Tax incentives	(551)	(2,578)
Others	1,923	1,550
	21,058	20,402

Income tax recognised in other comprehensive income for the year ended 31 March is set out below:

	Group					
	2016			2015		
	Before tax \$'000	Tax credit \$'000	After tax \$'000	Before tax \$'000	Tax charge \$'000	After tax \$'000
Currency translation differences arising from foreign operations	(6,164)	–	(6,164)	6,295	–	6,295
Fair value adjustments on available-for-sale equity security	(1,443)	–	(1,443)	(51)	–	(51)
Fair value adjustments on cash flow hedge	613	(104)	509	(646)	110	(536)
Other comprehensive income	(6,994)	(104)	(7,098)	5,598	110	5,708

Deferred tax balances have not been recognised for the following temporary differences:

	Group	
	2016 \$'000	2015 \$'000
Excess of net book value over tax written down value of property, plant and equipment	(14,773)	(5,847)
Deductible temporary differences	3,347	3,458
Unutilised tax losses, donations and capital allowances	27,668	12,406
	16,242	10,017

The tax losses are subject to agreement by the Comptroller of Income Tax. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have been recognised only to the extent that it is probable that future taxable profits will be available against which the Group can utilise the benefits.

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23. Earnings Per Share

Basic earnings per share is based on:

	Group	
	2016 \$'000	2015 \$'000
Net profit attributable to equity holders of the Company	109,294	91,000

	Group	
	2016 No. of shares '000	2015 No. of shares '000
Weighted average number of shares based on:		
– issued shares at the beginning of the year	1,522,138	1,521,508
– shares issued under share plan	1,285	473
Weighted average number of ordinary shares in issue	1,523,423	1,521,981

Diluted earnings per share is based on:

	Group	
	2016 \$'000	2015 \$'000
Net profit attributable to equity holders of the Company	109,294	91,000

The effect of the issue of contingently issuable shares on the weighted average number of ordinary shares in issue is as follows:

	Group	
	2016 No. of shares '000	2015 No. of shares '000
Weighted average number of:		
– shares used in the calculation of basic earnings per share	1,523,423	1,521,981
– contingently issuable shares under SMRT PSP and SMRT RSP	4,568	2,630
Weighted average number of ordinary issued and potential shares assuming full conversion	1,527,991	1,524,611

For the purpose of calculating the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from the contingently issuable shares, with the potential ordinary shares weighted for the period outstanding.

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24. Operating Segments

The Group has eight reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different marketing strategies. For each of the strategic business units, the Group's CEO reviews internal management reports on at least a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

Rail:

Rail operations : Provision of MRT and LRT services

Non-Rail:

Bus operations : Provision of public bus services

Taxi operations : Rental of taxis, provision of taxi services and sales of diesel to taxi hirers

Rental : Leasing of commercial spaces, retail operations and property management

Advertising : Sale and management of media spaces, marketing and e-commerce

Engineering services : Provision of consultancy, project management services, leasing of fibre optic cables and rail engineering services

Other services : Provision of charter hire services and repair & maintenance services

Investment holding
and support services : Provision of management and other support services to Group companies and investment holding

Information regarding the results of each reportable segment is included in the following page. Performance is measured based on segment operating profit, as included in the internal management reports that are reviewed by the Group's CEO. Segment operating profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

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24. Operating Segments (cont'd)

	Rail		
	MRT \$'000	LRT \$'000	Bus operations \$'000
(a) Revenue and expenses			
2016			
Revenue			
– external customers	670,236	10,785	248,462
– inter-segment	–	–	1,793
Operating expenses (net of other income)	(554,115)	(13,681)	(211,978)
Depreciation and amortisation	(104,078)	(1,713)	(32,365)
Segment operating results	12,043	(4,609)	5,912
Finance costs			
Interest income			
Investment income			
Share of results of associates and joint ventures (net of tax)			
Income tax expense			
Profit after income tax			
Non-controlling interest			
Profit for the year attributable to equity holders of SMRT			
2015			
Revenue			
– external customers	644,242	9,757	238,140
– inter-segment	–	–	478
Operating expenses (net of other income)	(526,936)	(13,275)	(218,289)
Depreciation and amortisation	(103,920)	(275)	(26,856)
Segment operating results	13,386	(3,793)	(6,527)
Finance costs			
Interest income			
Investment income			
Share of results of associates and joint ventures (net of tax)			
Income tax expense			
Profit after income tax			
Non-controlling interest			
Profit for the year attributable to equity holders of SMRT			

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Non-Rail						Reconciliation		
Taxi operations \$'000	Rental \$'000	Advertising \$'000	Engineering services \$'000	Other services \$'000	Investment holding and support services \$'000	Sub-total \$'000	Elimination \$'000	Total \$'000
147,852	135,616	38,950	11,274	33,414	–	1,296,589	–	1,296,589
–	–	1,441	23,760	1,048	70,383	98,425	(98,425)	–
(85,153)	(38,672)	(14,946)	(34,945)	(29,890)	(65,284)	(1,048,664)	94,192	(954,472)
(45,660)	(13,590)	(2,703)	(118)	(285)	(3,238)	(203,750)	83	(203,667)
17,039	83,354	22,742	(29)	4,287	1,861	142,600	(4,150)	138,450
								(12,607)
								1,116
								155
								2,219
								(21,058)
								108,275
								1,019
								109,294
142,883	120,378	36,178	15,249	28,708	–	1,235,535	–	1,235,535
–	–	320	1,437	907	56,315	59,457	(59,457)	–
(87,018)	(27,676)	(11,812)	(19,056)	(27,084)	(49,441)	(980,587)	58,989	(921,598)
(42,125)	(13,107)	(2,767)	(27)	(173)	(3,714)	(192,964)	(166)	(193,130)
13,740	79,595	21,919	(2,397)	2,358	3,160	121,441	(634)	120,807
								(12,527)
								1,381
								206
								989
								(20,402)
								90,454
								546
								91,000

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24. Operating Segments (cont'd)

	Rail		
	MRT \$'000	LRT \$'000	Bus operations \$'000
(b) Assets and liabilities			
2016			
Operating assets	1,138,031	36,057	401,539
Assets under construction	340,357	475	10,057
Segment assets	1,478,388	36,532	411,596
Intangible asset			
Interest in associates and joint ventures			
Investments and cash equivalents			
Total assets			
Segment liabilities	870,015	63,410	305,767
Current tax payable			
Interest-bearing borrowings			
Deferred tax liabilities			
Total liabilities			
2015			
Operating assets	1,125,530	16,827	364,575
Assets under construction	236,631	129	28,551
Segment assets	1,362,161	16,956	393,126
Intangible asset			
Interest in associates and joint ventures			
Investments and cash equivalents			
Total assets			
Segment liabilities	899,046	39,002	348,500
Current tax payable			
Interest-bearing borrowings			
Deferred tax liabilities			
Total liabilities			
(c) Other segment information			
2016			
Capital expenditure	213,988	21,347	74,966
Non-cash expenses other than depreciation, impairment losses and amortisation	4,001	(114)	6,344
2015			
Capital expenditure	334,344	12,477	163,014
Non-cash expenses other than depreciation, impairment losses and amortisation	4,190	(63)	5,072

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Non-Rail						Reconciliation		
Taxi operations \$'000	Rental \$'000	Advertising \$'000	Engineering services \$'000	Other services \$'000	Investment holding and support services \$'000	Sub-total \$'000	Elimination \$'000	Total \$'000
261,765	261,708	35,946	63,802	30,273	132,635	2,361,756	(331,973)	2,029,783
492	6,640	129	667	6	14,403	373,226	–	373,226
262,257	268,348	36,075	64,469	30,279	147,038	2,734,982	(331,973)	2,403,009
								13,614
								52,018
								251,381
								2,720,022
220,302	52,281	5,476	57,430	12,609	110,775	1,698,065	(913,399)	784,666
								–
								821,169
								199,940
								1,805,775
285,159	286,723	35,799	70,381	35,700	200,094	2,420,788	(403,362)	2,017,426
103	3,253	138	855	298	3,701	273,659	–	273,659
285,262	289,976	35,937	71,236	35,998	203,795	2,694,447	(403,362)	2,291,085
								13,614
								55,768
								176,746
								2,537,213
256,706	57,163	5,989	71,390	14,468	107,361	1,799,625	(1,113,397)	686,228
								4,853
								821,605
								165,649
								1,678,335
22,050	3,122	1,036	1,024	2,332	12,303	352,168	(247)	351,921
16,887	2,006	188	16	461	5,205	34,994	(177)	34,817
90,100	12,569	–	1,000	1,245	4,684	619,433	(242)	619,191
16,220	644	37	298	51	2,475	28,924	17	28,941

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24. Operating Segments (cont'd)

Geographical Segments

The Group operates principally in Singapore.

In presenting information on the basis of geographical segments, segment revenue and assets are based on the geographical location of business.

	Singapore \$'000	Others \$'000	Consolidated Total \$'000
2016			
Revenue	1,296,589	–	1,296,589
Non-current assets *	2,144,320	52,041	2,196,361
2015			
Revenue	1,235,535	–	1,235,535
Non-current assets *	2,056,626	55,240	2,111,866

* Excludes other investments

25. Significant Related Party Transactions

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

During the financial year, other than those disclosed elsewhere, the Group had the following significant related party transactions on terms agreed between the parties:

	Group	
	2016 \$'000	2015 \$'000
Subsidiaries and/or associates of the ultimate holding company		
Maintenance income received/receivable	1,610	2,224
Charter hire income received/receivable	69	383
Sales of other goods and services	1,618	1,816
Purchases of goods and services	64,436	105,354
Joint ventures		
Sales of other goods and services	4,422	399
Purchases of goods and services	7,388	–

26. Commitments

The Group had the following commitments as at the balance sheet date:

(a) Capital expenditure commitments:

	Group	
	2016 \$'000	2015 \$'000
(i) Contracted but not provided for with respect to purchase of property, plant and equipment	661,344	621,266
(ii) Approved but not provided for with respect to purchase of property, plant and equipment	409,591	389,304

Included in (a)(i) above are commitments with subsidiaries and/or associates of the ultimate holding company amounting to \$5,412,000 (2015: \$37,304,000) that are contracted but not provided for.

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26. Commitments (cont'd)

(b) **Non-cancellable operating leases payable:**

Future minimum lease payables under non-cancellable operating leases are as follows:

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Within 1 year	22,909	21,058	2,556	2,344
After 1 year but within 5 years	65,169	63,921	5,112	14
After 5 years	97,353	101,263	–	–
	185,431	186,242	7,668	2,358

The Group leases depot spaces, commercial spaces and office facilities which typically run for periods of 3 years to 30 years. The leases have varying terms and escalation clauses.

(c) **Non-cancellable operating leases receivable:**

	Group	
	2016 \$'000	2015 \$'000
Within 1 year	110,472	117,190
After 1 year but within 5 years	103,073	130,526
After 5 years	1,835	2,823
	215,380	250,539

Included above are rental receivables commitments from subsidiaries and/or associates of the ultimate holding company amounting to \$3,618,000 (2015: \$3,420,000).

The Group leases out commercial spaces and the leases have varying terms and escalation clauses. Some lessees are required to pay contingent rents computed based on their sales achieved.

27. Financial Risk Management

Overview

The Group's activities are exposed to various financial risks namely credit risk, liquidity risk, market risk, foreign currency risk and interest rate risk. The Group seeks to manage its financial risk to minimize the potential adverse effects of these risks on the financial performance of the Group. It is the Group's policy not to engage in foreign exchange and/or derivatives speculation.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Audit Committee oversees the Group's financial risk management process through reviewing the adequacy and effectiveness of the risk management policy, methodology, tools, practices, strategies and treatments.

The Group's risk management policies and guidelines are summarised below:

Credit Risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counter-party to settle its financial and contractual obligations to the Group, as and when they fall due.

The Group has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Where appropriate, the Group obtains collaterals from customers. In respect of trade receivables, the Group has guidelines governing the process of granting credit as a service provider in respective segments of its business. Investments and financial transactions are restricted to counter-parties that meet the appropriate credit criteria and are of high credit standing.

Except for the intra-group financial guarantees as disclosed in note 14, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheets.

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27. Financial Risk Management (cont'd)

Credit Risk (cont'd)

Other Investments, Cash and Cash Equivalents

Cash and fixed deposits are placed with banks that are regulated. The Group limits its credit risk exposure in respect of debt security investments by investing only in investment grade assets. Given these high credit ratings, management expects the investee companies to be able to meet its obligations when due. As at 31 March 2016, only 6.5% (2015: 9.3%) of the Group's other investments, cash and cash equivalents were invested in debt securities.

Receivables

The exposure to credit risk for trade receivables (net of impairment) at balance sheet date by business segment is as follows:

	Group	
	2016 \$'000	2015 \$'000
Rail operations	9,797	12,142
Bus operations	4,066	3,099
Taxi operations	1,878	1,801
Rental of premises	5,294	1,992
Advertising business	5,263	5,809
Others	10,807	9,587
	37,105	34,430

The Group has a large and diversified customer base. There was no significant concentration of credit risk relating to trade receivables apart from:

- (i) \$6,676,000 (2015: \$7,812,000) that is due from Transit Link Pte Ltd, which is a subsidiary of LTA.

The recoverable in respect of accident claims (note 10(b)), which are receivable from insurance companies, have not been included in the above disclosure as management does not view them to be subject to significant credit risk.

Impairment Losses for Receivables

Included in trade receivables are trade debtors with the following aging analysis as of the balance sheet date:

	Group			
	2016		2015	
	Gross \$'000	Impairment losses \$'000	Gross \$'000	Impairment losses \$'000
Not past due	27,530	74	14,998	21
Past due 1 – 30 days	6,205	123	10,475	84
Past due 31 – 120 days	3,323	468	6,349	427
Past due more than 120 days	5,805	5,093	8,006	4,866
	42,863	5,758	39,828	5,398

The changes in impairment loss in respect of trade receivables during the financial year are as follows:

	Group	
	2016 \$'000	2015 \$'000
At 1 April	5,398	5,042
Impairment loss recognised	1,404	1,091
Write-off against debtors	(1,044)	(735)
At 31 March	5,758	5,398

The Group establishes an allowance for impairment that represents its estimate of losses in respect of trade receivables. The allowance account in respect of trade receivables is used to record impairment losses. When the Group is satisfied that no recovery of the amount owing is possible, at that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Receivables that were neither past due nor impaired relate to a wide range of customers for whom there were no recent history of default. Receivables that were past due but not impaired relate to customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of those balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

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27. Financial Risk Management (cont'd)

Credit Risk (cont'd)

Impairment Losses for Receivables (cont'd)

The Company has no significant trade receivables. The Company has no carried forward impairment loss and has not made any impairment loss for other receivables or outstanding balances from subsidiaries during the financial year.

Financial Guarantees

The principal risk to which the Company is exposed to is credit risk in connection with a guarantee contract it has issued to one of its subsidiary company in relation to the MTN Programme (note 14). The intra-group financial guarantees are eliminated in preparing the consolidated financial statements.

Liquidity Risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents and sufficient credit facilities deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows from time to time.

The following are the expected contractual undiscounted cash outflows of financial liabilities, including interest payments:

Group	Carrying amount \$'000	Cash flows			
		Contractual cash flows \$'000	Within 1 year \$'000	Within the next 1 to 5 years \$'000	More than 6 years \$'000
2016					
Non-derivative financial liabilities					
Unsecured quoted fixed rate notes due 2017 ^	550,000	563,971	6,995	556,976	–
Unsecured quoted fixed rate notes due 2022 ^	100,000	116,554	2,369	11,822	102,363
Unsecured quoted fixed rate notes due 2024 ^	100,000	126,133	3,081	15,368	107,684
Unsecured loan from non-controlling shareholder of subsidiary	4,050	4,212	4,212	–	–
Secured loan from third party	67,119	67,788	67,788	–	–
Trade and other payables *	656,939	656,939	656,939	–	–
	1,478,108	1,535,597	741,384	584,166	210,047
2015					
Non-derivative financial liabilities					
Unsecured quoted fixed rate notes due 2017 ^	550,000	570,947	6,976	563,971	–
Unsecured quoted fixed rate notes due 2022 ^	100,000	118,917	2,363	11,828	104,726
Unsecured quoted fixed rate notes due 2024 ^	100,000	129,205	3,072	15,377	110,756
Unsecured loan from non-controlling shareholder of subsidiary	4,050	4,212	4,212	–	–
Secured loan from third party	67,555	98,870	8,803	37,892	52,175
Trade and other payables *	556,687	556,687	556,687	–	–
	1,378,292	1,478,838	582,113	629,068	267,657
Company					
2016					
Non-derivative financial liabilities					
Amounts due to subsidiaries	22,465	22,465	22,465	–	–
Trade and other payables *	33,642	33,642	33,642	–	–
	56,107	56,107	56,107	–	–
2015					
Non-derivative financial liabilities					
Amounts due to subsidiaries	200	200	200	–	–
Trade and other payables *	25,059	25,059	25,059	–	–
	25,259	25,259	25,259	–	–

^ Includes interest payable

* Excludes unearned revenue and interest payable

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27. Financial Risk Management (cont'd)

Liquidity Risk (cont'd)

The Group had sufficient undrawn bank financing facilities as well as multicurrency medium term note programmes to finance its obligations. The secured loan from third party relates to borrowings for the buses acquired under the BSEP. With the transfer of buses (note 4), repayment of the secured loan will be set off against the proceeds from transfer. Trade and other payables of the Group include rental deposits of \$38,254,000 (2015: \$38,696,000) and provisions of \$61,988,000 (2015: \$57,927,000) which are not expected to result in significant cash outflow within the next one year because of their nature.

Information relating to financial guarantees issued by the Company is set out in note 14.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Foreign Currency Risk

The Group incurs foreign currency risks on investments, receivables and purchases that are denominated in a currency other than the respective functional currencies of Group entities. As at 31 March 2016, the currencies giving rise to this risk were primarily the United States Dollar (USD), Euro Dollar (EUR), British Pound (GBP) and Japanese Yen (JPY).

The Group uses forward exchange contracts to partially hedge its foreign currency risk. The Group only enters into forward exchange contracts with maturities of less than one year. Where necessary, the forward exchange contracts are rolled-over upon maturity at market rates. There were no significant outstanding forward exchange contracts as at 31 March 2016 and 31 March 2015.

In respect of other monetary assets and liabilities held in foreign currencies, the Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

The Group's significant exposure to foreign currencies is as follows:

Group	2016				2015			
	USD \$'000	EUR \$'000	GBP \$'000	JPY \$'000	USD \$'000	EUR \$'000	GBP \$'000	JPY \$'000
Financial assets								
Trade and other receivable	76	–	–	–	–	–	–	–
Cash and cash equivalents	12,584	9,044	646	5,282	–	–	–	–
	12,660	9,044	646	5,282	–	–	–	–
Financial liabilities								
Trade and other payables	(3,891)	(4,406)	(2,964)	(1,054)	(4,748)	(2,041)	(2,559)	(1,792)
Net assets	8,769	4,638	(2,318)	4,228	(4,748)	(2,041)	(2,559)	(1,792)

The Company does not have any significant foreign currency exposure as at 31 March 2016 or as at 31 March 2015.

Sensitivity Analysis

A 10% (2015: 10%) strengthening of the functional currency of each of the Group's entities against the following major currencies at the balance sheet date would increase/(decrease) profit before tax by the amounts shown below. This analysis assumes that all other variables remain unchanged.

	Group	
	2016 \$'000	2015 \$'000
USD	(877)	475
EUR	(464)	204
GBP	232	256
JPY	(423)	179
Net Impact	(1,532)	1,114

A 10% weakening of functional currency of each of the Group's entities against the above currencies would have had an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain unchanged.

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27. Financial Risk Management (cont'd)

Interest Rate Risk

The Group's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

Interest Rate Profile

The following table details the interest rate profile of the Group's and the Company's interest-earning financial assets and interest-bearing financial liabilities at balance sheet date.

Group	Effective interest rate	
	2016 %	2015 %
Financial assets		
Fixed deposits with banks and financial institutions	0.76	0.20
Held-to-maturity debt securities	3.13	3.13
Financial liabilities		
Unsecured quoted fixed rate notes due 2017	1.20	1.20
Unsecured quoted fixed rate notes due 2017	1.39	1.39
Unsecured quoted fixed rate notes due 2022	2.36	2.36
Unsecured quoted fixed rate notes due 2024	3.07	3.07
Unsecured loan from non-controlling shareholder of subsidiary	4.00	4.00
Secured loan from third party	6.00	6.00
Company		
Financial assets		
Amounts due from subsidiaries	–	0.48
Financial liabilities		
Amounts due to subsidiaries	1.73	–

Sensitivity analysis

At the balance sheet date, the Group and the Company's profiles of the interest-bearing variable-rate financial instruments are as set out below:

Group	2016 \$'000	2015 \$'000
Financial assets		
Fixed deposits with banks and financial institutions	81,338	9,358
Company		
Financial assets		
Amounts due from subsidiaries	–	27,679
Financial liabilities		
Amounts due to subsidiaries	21,665	–

For these variable-rate financial assets and liabilities, an increase in 100 basis points (2015: 100 basis points) in interest rate at the balance sheet date would increase/(decrease) profit before tax by the amounts shown below. The analysis assumes that all other variables remain constant.

	Group \$'000	Company \$'000
2016		
Variable rate instruments	813	(217)
2015		
Variable rate instruments	94	277

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27. Financial Risk Management (cont'd)

Interest Rate Risk (cont'd)

Sensitivity Analysis (cont'd)

A 100 basis points (2015: 100 basis points) decrease in interest rate at the balance sheet date would have had an equal but opposite effect on the amounts shown above, on the basis that all other variables remain unchanged.

Equity Price Risk

Sensitivity analysis

The Group has available-for-sale investment in equity securities and is exposed to price risk. The Group's quoted equity security is listed on the SGX-ST. On the basis that all other variables remain unchanged, a 10% increase/(decrease) in the underlying listed equity price at the balance sheet date would increase/(decrease) the fair value reserve by \$273,200 (2015: \$417,500).

The Company has no equity investments apart from its investments in subsidiaries.

Fair Values

The fair values of financial assets and liabilities which are not carried at fair value in the balance sheet as at 31 March 2016 are represented in the following table:

Group	Note	2016		2015	
		Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Financial assets					
Held-to-maturity debt securities	8	16,420	16,639	16,454	16,610
Unrecognised gain			219		156
Financial liabilities					
Unsecured quoted fixed rate notes	14	750,000	756,443	750,000	744,266
Secured loan from third party	14	–	–	62,671	71,860
		750,000	756,443	812,671	816,126
Unrecognised loss			(6,443)		(3,455)

The fair value of financial assets and interest-bearing borrowings are determined by reference to their last quoted bid prices and asking prices respectively at the balance sheet date.

The fair value of secured loan from third party is determined by discounting the relevant cash flows using market interest rate at the balance sheet date.

The carrying values of other financial assets and liabilities are approximations of their fair values because they are either:

- carried at fair values; or
- short-term in nature; or
- repriced frequently.

Fair Value Hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Group	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2016				
Quoted available-for-sale equity security	2,732	–	–	2,732
2015				
Quoted available-for-sale equity security	4,175	–	–	4,175

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AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2016

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Year Ended 31 March 2016

27. Financial Risk Management (cont'd)

The Company did not have any financial instrument carried at fair value as at 31 March 2016 or as at 31 March 2015.

Financial instruments by category

Group	Loans and receivables \$'000	Held-to-maturity financial assets \$'000	Available- for-sale financial assets \$'000	Financial liabilities at amortised cost \$'000
2016				
Other investments	–	16,420	2,732	–
Trade and other receivables *	135,299	–	–	–
Cash and cash equivalents	232,229	–	–	–
Financial liabilities	–	–	–	(821,169)
Trade and other payables ^	–	–	–	(662,540)
	367,528	16,420	2,732	(1,483,709)
2015				
Other investments	–	16,454	4,175	–
Trade and other receivables *	128,430	–	–	–
Cash and cash equivalents	156,117	–	–	–
Financial liabilities	–	–	–	(821,605)
Trade and other payables ^	–	–	–	(562,092)
	284,547	16,454	4,175	(1,383,697)
Company				
2016				
Trade and other receivables *	52,003	–	–	–
Cash and cash equivalents	7,045	–	–	–
Trade and other payables ^	–	–	–	(56,107)
	59,048	–	–	(56,107)
2015				
Trade and other receivables *	67,958	–	–	–
Cash and cash equivalents	6,904	–	–	–
Trade and other payables ^	–	–	–	(25,259)
	74,862	–	–	(25,259)

* Excludes prepayments and advances to suppliers

^ Excludes unearned revenue

28. Dividends

After the balance sheet date, the directors proposed a one-tier tax exempt final dividend of 2.50 cents (2015: 1.75 cents) per share, amounting to a net dividend of \$38,096,297 (2015: \$26,637,416). These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of accumulated profits in the financial year ending 31 March 2017.

29. New Accounting Standards and Interpretations Not Yet Adopted

The mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 April 2016 or later periods and which the Group has not early adopted are:

- FRS 114 Regulatory deferral accounts
- Amendments to:
 - FRS 27 Separate financial statements (Equity method in separate financial statements)
 - FRS 16 Property, plant and equipment and FRS 38 Intangible assets (Clarification of acceptable methods of depreciation and amortisation)
 - FRS 16 Property, plant and equipment and FRS 41 Agriculture (Agriculture: Bearer plants)
 - FRS 111 Joint arrangements (Accounting for acquisitions of interests in joint operations)
 - FRS 110 Consolidated financial statements and FRS 28 Investments in associates and joint ventures (Sale or contribution of assets between an investor and its associate or joint venture)
 - FRS 1 Presentation of financial statements (Disclosure initiative)
 - FRS 110 Consolidated financial statements and FRS 28 Investments in associates and joint ventures (Investment entities: Applying the consolidation exception)

APPENDIX 6
UNAUDITED 1Q FY2017 FINANCIAL STATEMENTS OF THE GROUP
FOR THE PERIOD ENDED 30 JUNE 2016

SMRT CORPORATION LTD

(Company Registration No: 200001855H)

Results for the First Quarter ended 30 June 2016

The Directors of SMRT Corporation Ltd wish to announce the unaudited results of the Group for the first quarter ended 30 June 2016 ("1Q FY2017").

1(a)(i) CONSOLIDATED INCOME STATEMENT

	The Group		
	Apr - Jun 2016	Apr - Jun 2015	Increase/ (Decrease)
	\$'000	\$'000	%
Revenue	313,850	320,304	(2.0)
Other operating income	19,674	16,286	20.8
	333,524	336,590	(0.9)
Staff costs	(138,579)	(128,949)	7.5
Depreciation of property, plant and equipment	(52,093)	(53,535)	(2.7)
Amortisation of asset-related grants	1,843	2,453	(24.9)
Repairs and maintenance costs	(37,966)	(33,775)	12.4
Electricity and diesel costs	(29,834)	(34,571)	(13.7)
Other operating expenses	(54,825)	(60,531)	(9.4)
	(311,454)	(308,908)	0.8
Profit from operations	22,070	27,682	(20.3)
Finance costs	(3,160)	(3,134)	0.8
Interest and investment income	346	422	(18.0)
Share of results of associates and joint ventures (net of tax)	297	732	(59.4)
	19,553	25,702	(23.9)
Profit before income tax	19,553	25,702	(23.9)
Income tax expense	(4,291)	(5,534)	(22.5)
	15,262	20,168	(24.3)
Profit after taxation	15,262	20,168	(24.3)
Attributable to:			
Equity holders of SMRT	15,531	20,132	(22.9)
Non-controlling interest	(269)	36	(847.2)
Profit for the period	15,262	20,168	(24.3)

	The Group		
	Apr - Jun 2016	Apr - Jun 2015	Increase/ (Decrease)
			%
EBITDA (\$'000)	72,320	78,764	(8.2)
EBITDA margin	23.0%	24.6%	(1.6)
EBIT margin	7.0%	8.6%	(1.6)
PAT margin	4.9%	6.3%	(1.4)
Interest coverage (x)	22.9	25.1	(8.9)
Earnings Per Share (EPS) (cents)			
- basic	1.02	1.32	(22.9)
- diluted	1.02	1.32	(22.7)
Economic Value Added (EVA) (\$'000)	(134)	5,427	(102.5)
Return On Equity (ROE)	6.7%	9.3%	(2.6)

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1(a)(ii) Included in the determination of net profit are the following items:-

	The Group	
	Apr - Jun	Apr - Jun
	2016	2015
	\$'000	\$'000
<i>After Charging/(Crediting) :-</i>		
- Impairment losses made for receivables	422	285
- Allowance for obsolete inventories	161	119
- Inventory written off	3	137
- Foreign exchange (gain)/loss	(27)	788
- Loss/(Gain) on disposal of property, plant and equipment	456	(412)
- Property, plant and equipment (written back)/written off	(3)	635
- (Over)/Under provision of tax in respect of prior years	(1)	22

1(b) EARNINGS PER ORDINARY SHARE

	The Group		
	Apr - Jun 2016	Apr - Jun 2015	Increase/ (Decrease)
Earnings per ordinary share (cents)*:-			
(a) Basic	1.02	1.32	(22.9)
- Weighted average number of shares for basic EPS ('000)	1,523,852	1,522,138	
(b) Fully Diluted	1.02	1.32	(22.7)
- Weighted average number of shares for diluted EPS ('000)	1,529,502	1,526,315	

* To the nearest 0.01 cent

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UNAUDITED 1Q FY2017 FINANCIAL STATEMENTS OF THE GROUP
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1(c)(i) BALANCE SHEETS

	The Group		The Company	
	As at	As at	As at	As at
	30 Jun 2016	31 Mar 2016	30 Jun 2016	31 Mar 2016
Notes	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	2,108,435	2,130,729	22,136	21,174
Intangible asset	13,614	13,614	-	-
Investments in subsidiaries	-	-	331,823	325,823
Interests in associates and joint ventures	47,450	52,018	-	-
Other investments	18,576	19,152	-	-
	<u>2,188,075</u>	<u>2,215,513</u>	<u>353,959</u>	<u>346,997</u>
Current assets				
Inventories	79,965	80,081	-	-
Trade and other receivables	215,020	192,199	53,080	54,983
Fixed deposits with banks and financial institutions	37,375	81,338	-	-
Cash at banks and in hand	97,868	150,891	4,764	7,045
	<u>430,228</u>	<u>504,509</u>	<u>57,844</u>	<u>62,028</u>
Total assets	(a) <u>2,618,303</u>	<u>2,720,022</u>	<u>411,803</u>	<u>409,025</u>
Equity attributable to equity holders of SMRT				
Share capital	171,571	171,571	171,571	171,571
Reserves	2,592	3,282	5,493	4,420
Accumulated profits	756,582	741,051	174,129	173,755
	<u>930,745</u>	<u>915,904</u>	<u>351,193</u>	<u>349,746</u>
Non-controlling interest	(1,926)	(1,657)	-	-
Total equity	<u>928,819</u>	<u>914,247</u>	<u>351,193</u>	<u>349,746</u>
Non-current liabilities				
Interest-bearing borrowings	750,000	750,000	-	-
Provisions	25	30	-	-
Deferred tax liabilities	202,984	199,940	2,691	2,363
Fuel equalisation account	20,312	20,312	-	-
Deferred grants	33,455	34,616	-	-
	<u>1,006,776</u>	<u>1,004,898</u>	<u>2,691</u>	<u>2,363</u>
Current liabilities				
Interest-bearing borrowings	5,549	71,169	-	-
Trade and other payables	614,489	667,750	57,094	56,107
Provisions	61,692	61,958	825	809
Current tax payable	978	-	-	-
	<u>682,708</u>	<u>800,877</u>	<u>57,919</u>	<u>56,916</u>
Total liabilities	(b) <u>1,689,484</u>	<u>1,805,775</u>	<u>60,610</u>	<u>59,279</u>
Total equity and liabilities	<u>2,618,303</u>	<u>2,720,022</u>	<u>411,803</u>	<u>409,025</u>

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UNAUDITED 1Q FY2017 FINANCIAL STATEMENTS OF THE GROUP
FOR THE PERIOD ENDED 30 JUNE 2016

Notes to Balance Sheets:

- (a) Total assets decreased by \$101.7 million (3.7%) due mainly to lower cash and cash equivalents (\$97.0 million) and property, plant and equipment (\$22.3 million), partially offset by higher trade and other receivables (\$22.8 million).

Property, plant and equipment decreased due mainly to the sale of 175 buses acquired under the Bus Service Enhancement Programme (“BSEP”) to the Land Transport Authority (“LTA”) partially offset by addition of rail operating assets, trains, buses and taxis.

Higher trade and other receivables was due mainly to higher prepayments and BSEP operating grant receivable from LTA.

- (b) Total liabilities decreased by \$116.3 million (6.4%) due mainly to lower borrowings (\$65.6 million) and trade and other payables (\$53.3 million), partially offset by higher tax liabilities (\$4.0 million).

Lower borrowings was due to repayment of secured fixed rate loan for the buses acquired under BSEP, in conjunction with the sale of the 175 buses.

Trade and other payables decreased due mainly to lower accruals for operating expenses.

As at 30 June 2016, the Group was in a net current liabilities position of \$252.5 million. Included in the current liabilities were provisions of \$61.7 million and deposits from commercial tenants of \$37.8 million. Given their nature, these two current liabilities items are not expected to result in significant cash outflow by the Group within the next 12 months. Also included under trade and other payables, were balances relating to 29 trains acquired to improve train services and meet new operating reliability standards. The Group has sufficient undrawn bank financing facilities as well as multicurrency medium term note programme to meet commitments as and when they fall due.

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1(c)(ii) GROUP'S BORROWINGS

	As at 30 Jun 2016	As at 31 Mar 2016
	\$'000	\$'000
<u>Amount repayable in one year or less, or on demand</u>		
Secured SGD fixed rate loan - at 6.0% per annum	1,499	67,119
Unsecured SGD fixed rate loan - at 4.0% per annum	4,050	4,050
	<u>5,549</u>	<u>71,169</u>
<u>Amount repayable after one year</u>		
Unsecured quoted SGD fixed rate notes - at 1.2% per annum due October 2017	350,000	350,000
Unsecured quoted SGD fixed rate notes - at 2.363% per annum due October 2022	100,000	100,000
Unsecured quoted SGD fixed rate notes - at 3.072% per annum due June 2024	100,000	100,000
Unsecured quoted SGD fixed rate notes - at 1.388% per annum due October 2017	200,000	200,000
Total unsecured borrowings	750,000	750,000
	<u>750,000</u>	<u>750,000</u>
Total	<u>755,549</u>	<u>821,169</u>

Details of any collaterals

The secured SGD fixed rate loan is secured (in favour of LTA) over the buses acquired under the BSEP.

Net Gearing

	The Group
	As at 30 Jun 2016
	As at 31 Mar 2016
Net gearing	0.67
	0.64

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UNAUDITED 1Q FY2017 FINANCIAL STATEMENTS OF THE GROUP
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1(c)(iii) NET ASSET VALUE AND NET TANGIBLE ASSET PER ORDINARY SHARE

	The Group		The Company	
	As at	As at	As at	As at
	<u>30 Jun 2016</u>	<u>31 Mar 2016</u>	<u>30 Jun 2016</u>	<u>31 Mar 2016</u>
Net asset value per ordinary share (cents)	61.08	60.10	23.05	22.95
Net tangible asset per ordinary share ¹ (cents)	60.19	59.21	23.05	22.95
Number of shares at end of period (excluding treasury shares) ² ('000)	<u>1,523,852</u>	<u>1,523,852</u>	<u>1,523,852</u>	<u>1,523,852</u>

¹ *Net tangible asset = net assets less intangible asset.*

² *Treasury shares - nil.*

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FOR THE PERIOD ENDED 30 JUNE 2016

1(d) CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	The Group	
		Apr - Jun 2016 \$'000	Apr - Jun 2015 \$'000
Operating activities			
Profit before income tax		19,553	25,702
<i>Adjustments for:</i>			
Amortisation of asset-related grants		(1,843)	(2,453)
Depreciation of property, plant and equipment		52,093	53,535
Dividend income		-	(155)
Grant released upon disposal/write-off of property, plant and equipment		(9)	(203)
Interest expense		3,160	3,134
Interest income		(346)	(267)
Loss/(gain) on disposal of property, plant and equipment		456	(412)
Property, plant and equipment (written back)/written off		(3)	635
Provisions made		4,005	4,656
Share-based payment expenses		1,073	1,079
Share of results of associates and joint ventures (net of tax)		(297)	(732)
Grants		(13,024)	(10,024)
		<u>64,818</u>	<u>74,495</u>
<i>Changes in working capital:</i>			
Inventories		116	(2,347)
Trade and other receivables		(8,364)	6,180
Trade and other payables		(57,955)	(30,990)
Cash generated from operations		<u>(1,385)</u>	<u>47,338</u>
Income taxes paid		-	(562)
Interest paid		(6,223)	(6,188)
Cash flows from operating activities	(a)	<u>(7,608)</u>	<u>40,588</u>
Investing activities			
Dividends received		-	4,899
Interest received		264	193
Loan to joint venture		-	(1,000)
Purchase of property, plant and equipment		(96,902)	(82,072)
Proceeds from disposal of:			
- property, plant and equipment		66,423	917
Cash flows from investing activities	(b)	<u>(30,215)</u>	<u>(77,063)</u>
Financing activities			
Repayment of financial liabilities		(66,342)	-
Proceeds from borrowings		1,531	7,097
Grants received		5,655	4,503
Cash flows from financing activities	(c)	<u>(59,156)</u>	<u>11,600</u>
Net change in cash and cash equivalents	(d)	<u>(96,979)</u>	<u>(24,875)</u>
Cash and cash equivalents at beginning of the period		232,229	156,117
Effect of exchange rate fluctuations on cash held		(7)	(209)
Cash and cash equivalents at end of the period		<u>135,243</u>	<u>131,033</u>
<u>Cash and cash equivalents at end of the period comprise:</u>			
Fixed deposits with banks and financial institutions		37,375	9,158
Cash at banks and in hand		97,868	121,875
		<u>135,243</u>	<u>131,033</u>

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Notes to Consolidated Statement of Cash Flows:

- (a) Net cash outflow from operating activities of \$7.6 million for 1Q FY2017 compared to net cash inflow of \$40.6 million for 1Q FY2016, due mainly to higher working capital cash outflow and lower profitability.
- (b) Net cash outflow from investing activities of \$30.2 million for 1Q FY2017 was lower compared to \$77.1 million for 1Q FY2016, due mainly to higher proceeds from disposal of property, plant and equipment partially offset by higher payment for purchase of property, plant and equipment and absence of dividends received.
- (c) Net cash outflow from financing activities of \$59.2 million for 1Q FY2017 compared to net cash inflow of \$11.6 million for 1Q FY2016, due mainly to repayment of financial liabilities and lower BSEP borrowings.
- (d) Net decrease in cash and cash equivalents of \$97.0 million in 1Q FY2017 was higher compared to 1Q FY2016, due to financing and operating cash outflow compared to inflows in previous corresponding period partially offset by lower investing cash outflow.

1(e) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	The Group	
	Apr - Jun 2016	Apr - Jun 2015
	\$'000	\$'000
Profit for the period	15,262	20,168
Other comprehensive income/(loss):		
Items that may be reclassified subsequently to the income statement:		
Change in fair value of available-for-sale financial assets, net of tax	(567)	(206)
Effective portion of changes in fair value of cash flow hedge, net of tax	518	1,191
Change in fair value of cash flow hedge transferred to the income statement, net of tax	(194)	(401)
Currency translation differences arising from consolidation	(1,520)	(1,773)
Other comprehensive income/(loss) for the period, net of tax	(1,763)	(1,189)
Total comprehensive income for the period	13,499	18,979
Attributable to:		
Equity holders of SMRT	13,768	18,943
Non-controlling interest	(269)	36
	13,499	18,979

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UNAUDITED 1Q FY2017 FINANCIAL STATEMENTS OF THE GROUP FOR THE PERIOD ENDED 30 JUNE 2016

1(f)(i) STATEMENTS OF CHANGES IN EQUITY

The Group

	Share Capital \$'000	Foreign Currency Translation Reserve \$'000	Fair Value Reserve \$'000	Hedge Reserve \$'000	Share-based Payment Reserve \$'000	Accumulated Profits \$'000	Total Attributable to Equity Holders of SMRT \$'000	Non-Controlling Interest \$'000	Total Equity \$'000
At 1 Apr 2016	171,571	(39)	(978)	(121)	4,420	741,051	915,904	(1,657)	914,247
Total comprehensive income/(loss) for the period									
Profit/(Loss) for the period	-	-	-	-	-	15,531	15,531	(269)	15,262
Other comprehensive income/(loss), net of tax *	-	(1,520)	(567)	324	-	-	(1,763)	-	(1,763)
Total comprehensive income/(loss)	-	(1,520)	(567)	324	-	15,531	13,768	(269)	13,499
Transactions with owners of the Company, recorded directly in equity									
Value of employee services received for share-based payment	-	-	-	-	1,073	-	1,073	-	1,073
Total transactions with owners	-	-	-	-	1,073	-	1,073	-	1,073
At 30 Jun 2016	171,571	(1,559)	(1,545)	203	5,493	756,582	930,745	(1,926)	928,819
	Share Capital \$'000	Foreign Currency Translation Reserve \$'000	Fair Value Reserve \$'000	Hedge Reserve \$'000	Share-based Payment Reserve \$'000	Accumulated Profits \$'000	Total Attributable to Equity Holders of SMRT \$'000	Non-Controlling Interest \$'000	Total Equity \$'000
At 1 Apr 2015	169,143	6,125	465	(630)	3,185	681,228	859,516	(638)	858,878
Total comprehensive income/(loss) for the period									
Profit/(Loss) for the period	-	-	-	-	-	20,132	20,132	36	20,168
Other comprehensive income/(loss), net of tax *	-	(1,773)	(206)	790	-	-	(1,189)	-	(1,189)
Total comprehensive income/(loss)	-	(1,773)	(206)	790	-	20,132	18,943	36	18,979
Transactions with owners of the Company, recorded directly in equity									
Value of employee services received for share-based payment	-	-	-	-	1,079	-	1,079	-	1,079
Total transactions with owners	-	-	-	-	1,079	-	1,079	-	1,079
At 30 Jun 2015	169,143	4,352	259	160	4,264	701,360	879,538	(602)	878,936

* Details of other comprehensive income/(loss) have been included in the Consolidated Statement of Comprehensive Income.

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FOR THE PERIOD ENDED 30 JUNE 2016

1(f)(i) STATEMENTS OF CHANGES IN EQUITY (cont'd)

The Company

	Share Capital \$'000	Share-based Payment Reserve \$'000	Accumulated Profits \$'000	Total Equity \$'000
At 1 Apr 2016	171,571	4,420	173,755	349,746
Total comprehensive income/(loss) for the period				
Profit for the period	-	-	374	374
Transactions with owners, recorded directly in equity				
Value of employee services received for share-based payment	-	1,073	-	1,073
Total transactions with owners	-	1,073	-	1,073
At 30 Jun 2016	171,571	5,493	174,129	351,193
	Share Capital \$'000	Share-based Payment Reserve \$'000	Accumulated Profits \$'000	Total Equity \$'000
At 1 Apr 2015	169,143	3,185	215,177	387,505
Total comprehensive income/(loss) for the period				
Profit for the period	-	-	677	677
Transactions with owners, recorded directly in equity				
Value of employee services received for share-based payment	-	1,079	-	1,079
Total transactions with owners	-	1,079	-	1,079
At 30 Jun 2015	169,143	4,264	215,854	389,261

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UNAUDITED 1Q FY2017 FINANCIAL STATEMENTS OF THE GROUP FOR THE PERIOD ENDED 30 JUNE 2016

- 1(f)(ii)** As at 30 June 2016, the total number of issued shares excluding treasury shares of the Company was 1,523,851,896 (31 March 2016: 1,523,851,896).

The Company did not hold any treasury shares in 1Q FY2017 and as at 30 June 2016 (30 June 2015: Nil).

As at 30 June 2016, the number of outstanding conditional shares awarded under the SMRT Corporation Restricted Share Plan (“SMRT RSP”) and SMRT Corporation Performance Share Plan (“SMRT PSP”) was 5,650,227 (30 June 2015: 4,177,392).

2. AUDIT

Certain of the financial information of the Group set out in this announcement has been extracted from the interim financial statement prepared in accordance with Singapore Financial Reporting Standard 34, Interim Financial Reporting, and reviewed in accordance with Singapore Standard on Review Engagements 2410, Review of Interim Financial Information Performance by the Independent Auditor of the Entity. Please refer to the attached Independent Auditor’s Report.

3. ACCOUNTING POLICIES

Except as disclosed below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current period compared with the audited financial statements as at 31 March 2016.

The Group has adopted the following new or revised Financial Reporting Standards (“FRS”) that are effective for the Group’s annual periods beginning on or after 1 April 2016. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS.

- FRS 114 Regulatory Deferral Accounts
- Amendments to:
 - FRS 27 Separate Financial Statements (Equity method in separate financial statements)
 - FRS 16 Property, Plant and Equipment and FRS 38 Intangible Assets (Clarification of acceptable methods of depreciation and amortisation)
 - FRS 16 Property, Plant and Equipment and FRS 41 (Agriculture: Bearer Plants)
 - FRS 111 Joint Arrangements (Accounting for acquisitions of interests in joint operations)
 - FRS 110 Consolidated Financial Statements and FRS 28 Investments in associates and joint ventures (Sale or contribution of assets between an investor and its associate or joint venture)
 - FRS 1 Presentation of Financial Statements (Disclosure initiative)
 - FRS 110 Consolidated Financial Statements and FRS 28 Investments in associates and joint ventures (Investment entities: Applying the consolidation exception)
- Annual improvements 2014 (effective for annual periods commencing on or after 1 January 2016)
 - FRS 105 Non-Current Assets Held For Sale and Discontinued Operations (Methods of Disposal)
 - FRS 34 Interim Financial Reporting (Information disclosed elsewhere in the interim financial statements)
 - FRS 107 Financial Instruments: Disclosures (Servicing contracts and interim financial statements)
 - FRS 19 Employee Benefits (Determining the discount rates for post-employment benefit obligations)

The adoption of the above FRSs does not have any significant impact on the financial statements of the Group.

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UNAUDITED 1Q FY2017 FINANCIAL STATEMENTS OF THE GROUP FOR THE PERIOD ENDED 30 JUNE 2016

4. REVIEW OF GROUP PERFORMANCE (1Q FY2017 AGAINST PREVIOUS CORRESPONDING PERIOD)

4.1 Overview

Group **revenue** decreased by \$6.5 million (2.0%) in 1Q FY2017 compared to 1Q FY2016.

The Group's **Rail** operations (Train and LRT) reported a higher operating loss of \$9.4 million in 1Q FY2017 compared to \$5.3 million recorded in 1Q FY2016.

The Group's **Non-Rail** business registered an operating profit of \$29.0 million in 1Q FY2017, \$4.1 million (12.3%) lower compared to 1Q FY2016 due largely to lower operating profits recorded in Bus and Taxi segments.

As a result, Group **operating profit** decreased by \$5.6 million (20.3%) in 1Q FY2017 compared to 1Q FY2016.

Group **profit attributable to equity holders of SMRT** was \$15.5 million in 1Q FY2017, which was \$4.6 million (22.9%) lower than that of 1Q FY2016.

4.2 Explanatory notes to Consolidated Income Statement

Other operating income increased by \$3.4 million (20.8%) in 1Q FY2017 due mainly to higher grants and maintenance income.

Staff costs increased by \$9.6 million (7.5%) in 1Q FY2017 due mainly to higher headcount engaged in Rail and Bus operations to support a larger train and bus fleet as well as to meet heightened operational requirements.

Depreciation was lower by \$1.4 million (2.7%) in 1Q FY2017 due mainly to fully depreciated assets in Train operations.

Repairs and maintenance costs increased by \$4.2 million (12.4%) in 1Q FY2017 due mainly to the rigorous maintenance regime in Train and LRT operations in view of the ageing systems and more trains undergoing scheduled overhaul, a larger bus fleet as well as maintenance work in line with the taxi life cycle.

Electricity and diesel costs decreased by \$4.7 million (13.7%) in 1Q FY2017 due mainly to lower diesel cost and electricity tariff, partially offset by higher consumption arising from a larger train and bus fleet, and increased train runs.

Other operating expenses decreased by \$5.7 million (9.4%) in 1Q FY2017 due mainly to absence of contribution to the Public Transport Fund ("PTF"), lower property tax expense and cost of diesel sold to taxi hirers.

Share of results of associates and joint ventures relate to the 49% share of results of Shenzhen Zona, and 50% share of results of joint venture companies, Hailo Singapore, Railise and Faiveley Rail Engineering Singapore. Contribution from associates and joint ventures was lower for 1QFY2017 due mainly to lower contribution from Shenzhen Zona.

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5. REVIEW OF SEGMENT PERFORMANCE (1Q FY2017 AGAINST PREVIOUS CORRESPONDING PERIOD)

A segmental breakdown by business is provided under note 9.

	First Quarter		
	1Q FY2017	1Q FY2016	Increase /
	\$'000	\$'000	(Decrease) %
<u>Rail business</u>			
Revenue	166,827	170,208	(2.0)
Operating loss	(9,359)	(5,293)	(76.8)
<u>Train operations</u>			
Revenue	163,942	167,586	(2.2)
Operating loss	(7,744)	(3,686)	(110.1)
<u>LRT operations</u>			
Revenue	2,885	2,622	10.0
Operating loss	(1,615)	(1,607)	(0.5)
<u>Non-Rail business</u>			
Revenue	147,023	150,096	(2.0)
Operating profit	28,970	33,022	(12.3)
<u>Bus operations</u>			
Revenue	58,648	61,372	(4.4)
Operating profit	202	1,474	(86.3)
<u>Taxi operations</u>			
Revenue	35,183	37,842	(7.0)
Operating profit	4,513	5,496	(17.9)
<u>Rental</u> ³			
Revenue	32,449	32,886	(1.3)
- Rail	26,027	26,120	(0.4)
- Others	6,422	6,766	(5.1)
Operating profit	20,604	21,115	(2.4)
<u>Advertising</u> ⁴			
Revenue	8,826	8,769	0.7
Operating profit	4,907	4,893	0.3
<u>Engineering Services</u>			
Revenue	3,875	2,389	62.2
Operating loss	(2,688)	(498)	(439.8)
<u>Other Services</u>			
Revenue	8,042	6,838	17.6
Operating profit	1,432	542	164.2
<u>Investment holding & Support Services / Consolidation elimination & adjustments</u>			
Revenue	-	-	n.m.
Operating profit/(loss)	2,459	(47)	5,331.9
<u>Total</u>			
Revenue	313,850	320,304	(2.0)
Profit from operations	22,070	27,682	(20.3)

³ Rental – operating profit comprises EBIT attributed to Transit-oriented Rental business, and Other Property and Retail Management businesses.

⁴ Advertising – operating profit comprises EBIT attributed to Transit-oriented Advertising business, and Other Media and Advertising businesses.

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Revenue from **Train operations** decreased by \$3.6 million (2.2%) in 1Q FY2017 due to lower average fare resulting from the 1.9% fare reduction effected in December 2015 and cannibalisation impact of Downtown Line 2 partially offset by higher ridership. Train operations recorded an operating loss of \$7.7 million in 1Q FY2017 compared to an operating loss of \$3.7 million in 1Q FY2016 due mainly to lower revenue, higher staff costs and repairs and maintenance related expenditure partially offset by absence of contribution to PTF, lower electricity, depreciation and property tax.

LRT operations recorded a higher revenue of \$0.3 million (10.0%) in 1Q FY2017 due to higher ridership partially offset by lower average fare. LRT operations registered an operating loss of \$1.6 million, flat compared to 1Q FY2016.

Revenue from **Bus operations** decreased by \$2.7 million (4.4%) in 1Q FY2017 due to lower average fare from the 1.9% fare reduction and cannibalisation impact of Downtown Line 2 operations partially offset by higher ridership. Bus operations posted a lower operating profit of \$1.3 million (86.3%) in 1Q FY2017 mainly attributable to higher staff costs and lower revenue, which were partially offset by higher training grants and lower diesel costs.

In 1Q FY2017, **Taxi** revenue decreased by \$2.7 million (7.0%) due mainly to a smaller hired-out fleet. Operating profit decreased by \$1.0 million (17.9%) due mainly to lower revenue, higher repairs and maintenance and depreciation, partially offset by lower accident claim expense and lower special tax on diesel vehicles arising from replacement of diesel taxis with hybrid taxis.

Engineering Services revenue increased by \$1.5 million (62.2%) in 1Q FY2017 due mainly to higher consultancy revenue. Higher operating loss of \$2.7 million was recorded in 1Q FY2017 due mainly to Singapore Rail Engineering's provision for costs associated with the suspension of works relating to the end-of-life refurbishment of trains pending decision by the authorities.

Revenue of **Other Services** increased by \$1.2 million (17.6%) in 1Q FY2017 primarily from higher charter revenue and external fleet maintenance. As a result, operating profit increased by \$0.9 million (164.2%) in 1Q FY2017.

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UNAUDITED 1Q FY2017 FINANCIAL STATEMENTS OF THE GROUP FOR THE PERIOD ENDED 30 JUNE 2016

6. REVIEW OF PROSPECTS STATEMENT

The results for 1Q FY2017 are consistent with the prospects statement issued during the announcement of the 4Q FY2016 results.

7. PROSPECTS

SMRT Corporation Ltd (“SMRT”) announced on 15 July 2016 that, subject to the satisfaction or waiver of conditions precedent including SMRT shareholders’ approval for the proposed asset sale, SMRT Trains will transit to the new rail financing framework (“NRFF”) on 1 October 2016. Under the NRFF, SMRT Trains will operate under an asset-light model, focusing on providing quality service to commuters and maintaining the trains to ensure smooth operation. During the 15-year licence period, SMRT Trains will pay a licence charge to LTA for the right to use the operating assets and operate the North-South, East-West and Circle Lines and Bukit Panjang Light Rail Transit. The licence charge has been structured by LTA to enable SMRT Trains to achieve a composite (fare and non-fare) Earnings before Interest and Tax (“EBIT”) margin of about 5%. While the NRFF will provide a measure of risk mitigation and earnings stability that SMRT Trains presently does not have under the Current Rail Financing Framework (“CRFF”), there is no certainty that SMRT Trains will earn an EBIT margin of 5% as the risks relating to fare adjustments, operating expenditure increases, timing of asset renewal and regulatory changes, all of which may impact SMRT Trains’ profitability remain significant. SMRT has dispatched a circular to shareholders on 1 August 2016 and will hold an Extraordinary General Meeting on 29 September 2016 to seek shareholders’ approval for the proposed asset sale as part of the transition to NRFF.

Subsequently, SMRT, together with Belford Investments Pte. Ltd. (“Belford”), a wholly-owned subsidiary of Temasek Holdings (Private) Limited (“Temasek”), jointly announced on 20 July 2016, the proposed acquisition by Belford of all the issued ordinary shares in SMRT (other than those already held by Temasek) by way of a scheme of arrangement (the “Scheme”) in accordance with the Company’s Act (Chapter 50 of Singapore) and the Singapore Code on Take-overs and Mergers. The proposed privatisation will better enable Temasek to closely support the Group as it retools and reinforces its core skillsets in operations, engineering and maintenance, and allow minority shareholders to monetise their holdings through this Scheme and avoid the uncertainties of the transition. A Scheme document will be sent to shareholders in due course. Subject to regulatory and court approvals, SMRT expects to convene a Scheme meeting by September/October 2016.

The Group remains committed to deliver higher service quality to meet the needs of our commuters and to deliver higher rail reliability in accordance with the Maintenance Performance Standards set out by LTA. The Group is expected to incur higher operating expenses, particularly in staff costs, to meet the network’s higher capacity needs and reliability requirements as well as additional headcount required for the commencement of the Tuas West Extension in FY2017.

SMRT Buses will transit to the new Government Contracting Model from 1 September 2016. The Group is finalising the contracting terms with the authorities. The new model is fee-based, and has safeguards against inflation, wage and energy cost increases. SMRT Buses will also participate in the competitive bid for the next tender package in Seletar.

The Group will continue to explore growth anchored on our core strengths in public transport operations and adjacent capabilities to develop our rail engineering expertise, expand our road and rail transport operational footprint, and extend our commercial out-of-network reach.

8. DIVIDENDS

No dividend will be declared for 1Q FY2017.

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9. SEGMENT INFORMATION

-----Rail-----											
	Train \$'000	LRT \$'000	Bus operations \$'000	Taxi operations \$'000	Rental ⁵ \$'000	Advertising ⁶ \$'000	Engineering Services \$'000	Other Services \$'000	Investment holding and support services \$'000	Consolidation elimination & adjustments \$'000	Total \$'000
Revenue and expenses											
1Q FY2017											
Revenue	163,942	2,885	58,648	35,183	32,449	8,826	3,875	8,042	-	-	313,850
- external customers	-	-	84	-	-	436	7,433	207	13,840	(22,000)	-
- inter-segment	(146,497)	(3,978)	(50,611)	(19,012)	(8,468)	(3,770)	(13,945)	(6,699)	(12,336)	23,786	(241,530)
Operating expenses (net of other income)	(25,189)	(522)	(7,919)	(11,658)	(3,377)	(585)	(51)	(118)	(854)	23	(50,250)
Depreciation and amortisation	(7,744)	(1,615)	202	4,513	20,604	4,907	(2,688)	1,432	650	1,809	22,070
Segment operating results											(3,160)
Finance costs											346
Interest income											-
Investment income											297
Share of results of associates and joint ventures (net of tax)											(4,291)
Income tax expense											15,262
Profit after taxation											269
Non-controlling interest											15,531
Profit for the period attributable to equity holders of SMRT											
1Q FY2016											
Revenue	167,586	2,622	61,372	37,842	32,886	8,769	2,389	6,838	-	-	320,304
- external customers	-	-	233	-	-	167	2,301	270	15,034	(18,005)	-
- inter-segment	(144,850)	(3,971)	(52,224)	(20,977)	(8,376)	(3,361)	(5,170)	(6,509)	(13,689)	17,587	(241,540)
Operating expenses (net of other income)	(26,422)	(258)	(7,907)	(11,369)	(3,395)	(682)	(18)	(57)	(971)	(3)	(51,082)
Depreciation and amortisation	(3,686)	(1,607)	1,474	5,496	21,115	4,893	(498)	542	374	(421)	27,682
Segment operating results											(3,134)
Finance costs											267
Interest income											155
Investment income											732
Share of results of associates and joint ventures (net of tax)											(5,534)
Income tax expense											20,168
Profit after taxation											(36)
Non-controlling interest											20,132
Profit for the period attributable to equity holders of SMRT											

⁵ Rental – operating profit comprises EBIT attributed to Transit-oriented Rental business, and Other Property and Retail Management businesses.

⁶ Advertising – operating profit comprises EBIT attributed to Transit-oriented Advertising business, and Other Media and Advertising businesses.

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10. INTERESTED PERSON TRANSACTIONS

The aggregate value of interested person transactions entered into during 1Q FY2017 is as follows:-

Name of Interested Person	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)
	1Q FY2017 \$'000	1Q FY2017 \$'000
<u>Sale of Goods and Services</u> SIA Engineering Company Limited	100	-
<u>Purchases of Goods and Services</u> Trusted Source Pte Ltd	144	-
Total	244	-

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11. CONFIRMATION PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

We, Koh Yong Guan and Desmond Kuek, being two directors of SMRT Corporation Ltd (the “Company”), do hereby confirm on behalf of the directors of the Company, that to the best of our knowledge, nothing has come to our attention which may render the 1Q FY2017 unaudited financial results to be false or misleading in any material respect.

On behalf of the Board of Directors



Koh Yong Guan
Chairman



Desmond Kuek
President & Group CEO

12. CONFIRMATION PURSUANT TO RULE 720(1) OF THE LISTING MANUAL

The Company hereby confirms that it has procured undertakings from all its Directors and Executive Officers in accordance with Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Ms Jacquelin Tay Gek Poh
Company Secretary
SMRT Corporation Ltd

8 August 2016

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UNAUDITED 1Q FY2017 FINANCIAL STATEMENTS OF THE GROUP FOR THE PERIOD ENDED 30 JUNE 2016

INDEPENDENT AUDITOR'S REPORT ON THE REVIEW OF THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF SMRT CORPORATION LTD AND ITS SUBSIDIARIES FOR THE THREE-MONTH PERIOD ENDED 30 JUNE 2016

The Board of Directors
SMRT Corporation Ltd
251 North Bridge Road
Singapore 179102

Introduction

We have reviewed the accompanying condensed consolidated interim balance sheet of SMRT Corporation Ltd ("the Company") and its subsidiaries ("the Group") as of 30 June 2016 and the related condensed consolidated interim income statement, condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the three-month period then ended. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with Financial Reporting Standard 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with Financial Reporting Standard 34 *Interim Financial Reporting*.

Other matter

The comparative information for the condensed consolidated interim income statement, condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows of the Group, and related explanatory notes, for the three-month period ended 30 June 2015 have not been audited or reviewed.

Restriction of Use

Our work was undertaken solely to assist the Company to meet the requirements of paragraph 3 of Appendix 7.2 of the Singapore Exchange Limited – ST Listing Manual and for the purpose of complying with Rule 25 of the Singapore Code on Take-overs and Mergers and is not to be used for any other purpose.



PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 8 August 2016

APPENDIX 6
UNAUDITED 1Q FY2017 FINANCIAL STATEMENTS OF THE GROUP
FOR THE PERIOD ENDED 30 JUNE 2016

The Board of Directors

SMRT Corporation Ltd
251 North Bridge Road
Singapore 179102

8 August 2016



Dear Sirs,

PROPOSED ACQUISITION BY BELFORD INVESTMENTS PTE. LTD. OF ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF SMRT CORPORATION LTD (THE "COMPANY") BY WAY OF A SCHEME OF ARRANGEMENT, OTHER THAN THOSE ALREADY HELD BY THE OFFEROR'S PARENT, TEMASEK HOLDINGS (PRIVATE) LIMITED (THE "PROPOSED ACQUISITION")

This letter has been prepared pursuant to Rule 25 of the Singapore Code on Take-over and Mergers (the "Code") in connection with (i) the Proposed Acquisition; and (ii) the Company's unaudited financial statements for the 3 months ended 30 June 2016 (the "1QFY17 Results") of the Company and its subsidiaries (collectively, the "Group"), as announced by the Company on 8 August 2016.

We have examined and held discussions with the management and the Company's directors (the "Directors") on the 1QFY17 Results, which are solely the responsibility of the Directors. We have also considered the Independent Auditor's Report to the Directors dated 8 August 2016 issued by PricewaterhouseCoopers LLP ("PwC") in relation to its review of the 1QFY17 Results, where PwC had conducted its review of the 1QFY17 Results in accordance with the Singapore Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity, and had therein expressed its conclusion on the 1QFY17 based on its review.

For the purposes of rendering our opinion on the 1QFY17 Results, we have relied upon and assumed the accuracy and completeness of all financial and other information provided to and/or discussed with us. Save as provided in this letter, we do not express any other opinion on the 1QFY17 Results.

Based on the foregoing, we are of the opinion that the 1QFY17 Results have been made by the Directors after due and careful enquiry.

This letter is provided to the Directors solely for the purpose of complying with Rule 25 of the Code and not for any other purpose. We do not accept any responsibility to any person (other than the Directors) in respect of, arising out of, or in connection with this letter.

Yours faithfully

For and on behalf of

ROTHSCHILD (SINGAPORE) LIMITED

OLIVER GOETZ

MANAGING DIRECTOR

Rothschild (Singapore) Limited
One Raffles Quay, North Tower
1 Raffles Quay #10-02
Singapore 048583

Tel +65 6535 8311
Fax +65 6535 8326
www.rothschild.com

Company Registration No
197301242C

APPENDIX 7

BASES AND ASSUMPTIONS FOR THE STATEMENTS OF PROSPECTS

1. BUS STATEMENT OF PROSPECTS

The following statement was made in the unaudited consolidated financial statements of the Group for 3Q FY2016:

“Bus operations results are expected to improve compared to FY2015 due mainly to higher revenue resulting from fare increase that took place in April 2015 and lower energy prices, as well as productivity improvements and reliability incentives.”

1.1 Assumptions

The Bus Statement of Prospects was not made in connection with the Scheme. The Directors have not issued any profit forecast for the Group for FY2017 in connection with the Scheme. Accordingly, the Bus Statement of Prospects should not be regarded as a forecast of the Group for FY2017.

The Bus Statement of Prospects, for which the Directors are solely responsible, was arrived at on the bases consistent with the accounting policies normally adopted by the Group.

The Bus Statement of Prospects has been made based on the following assumptions and/or information available as at 25 January 2016, being the date on which the Bus Statement of Prospects was made:

- (a) Reference to “the bus operations results” was made in respect of its performance under the current license period which will expire on 31 August 2016;
- (b) Fare adjustments were implemented by the authorities on 5 April 2015 and 27 December 2015;
- (c) There will be no material changes in:
 - (i) existing political, regulatory, competitive environment or legal conditions affecting the activities of the Group, the industry and the countries in which the Group operates, except those that have been announced publicly;
 - (ii) government policies and regulations affecting the transport sector and related industries, except those that have been announced publicly;
 - (iii) tax legislation, bases or rates of taxation, government levy or duty in the jurisdictions where the Group conducts its business;
 - (iv) principal activities, management and organisation structure of the Group;
 - (v) major foreign currency exchange rates that will adversely impact the Group;
 - (vi) accounting policies of the Group; and/or
 - (vii) existing employment benefits and incentive scheme of the Group;

APPENDIX 7

BASES AND ASSUMPTIONS FOR THE STATEMENTS OF PROSPECTS

- (d) There will be no material impairment charge against the carrying value of the Group's assets;
- (e) There will be no legal litigation or claims that will have a material impact on the Group's results; and/or
- (f) There will be no exceptional circumstances that require material provision to be made by the Group in respect of any contingent liability or arbitration threatened or otherwise, abnormal bad debts or unexpected termination of contracts.

1.2 Directors' Statement on the Bus Statement of Prospects

The Directors wish to inform Shareholders that the underlying bases and assumptions on which the Bus Statement of Prospects was based were arrived at in light of information available to the Board as at 25 January 2016 (being the date of the announcement of the unaudited consolidated financial statements of the Group for 3Q FY2016). As the Bus Statement of Prospects was made prior to the Joint Announcement Date (being 20 July 2016), the bases and assumptions set out above do not include the Offeror's intentions with respect to the Group.

2. CRFF STATEMENT OF PROSPECTS

The following statement was included in the media release made by the Company on the NRFF on 15 July 2016:

"The Current Rail Financing Framework (CRFF) has become unsustainable."

2.1 Assumptions

The CRFF Statement of Prospects was not made in connection with the Scheme. The Directors have not issued any profit forecast for the Group for FY2017 in connection with the Scheme. Accordingly, the CRFF Statement of Prospects should not be regarded as a forecast of the Group for FY2017.

The CRFF Statement of Prospects, for which the Directors are solely responsible, was arrived at on the bases consistent with the accounting policies normally adopted by the Group.

The CRFF Statement of Prospects was based on the information available as at 15 July 2016 (being the date on which the CRFF Statement of Prospects was made) and included but is not limited to an assessment made based on past experience, knowledge of asset life cycle and assumptions on future capital as well as operational requirements that were reasonably expected during the plan period, and is subject to the following assumptions:

- (a) Under the CRFF, the SMRT Trains Entities would be responsible for all capital expenditure and the total estimated capital expenditure of SMRT Trains Entities could reach about S\$2.8 billion over the next five (5) years. This capital expenditure will be used for the replacement of ageing assets in the system, takeover of the CCL and Boon Lay Extension operating assets where applicable, and procurement of new trains to meet service level reliability standards and to cater for an expanded network. These would collectively impose additional pressure on the SMRT Trains Entities' profitability;

APPENDIX 7

BASES AND ASSUMPTIONS FOR THE STATEMENTS OF PROSPECTS

- (b) Costs relating to the maintenance and operation of the North-South-East-West and Circle lines of the Mass Rapid Transit System, the CCL and the Bukit Panjang Light Rapid Transit System are expected to increase as a result of the Group's commitment to ensure the reliability of the ageing rapid transit system network and provide a higher level of service to the commuting public, and to comply with heightened operating standards set by the authorities;
- (c) In accordance with recommendations by the PTC established under the Public Transport Council Act, Chapter 259B of Singapore, fares have been kept affordable for the commuting public through a series of measured fare adjustment since 2001. As a result, fares have not increased in accordance with the cumulative maximum fare allowable based on the prescribed fare adjustment formula;
- (d) There will be no material changes in:
 - (i) existing political, regulatory, competitive environment or legal conditions affecting the activities of the Group, the industry and the countries in which the Group operates, except those that have been announced publicly;
 - (ii) government policies and regulations affecting the transport sector and related industries, except those that have been announced publicly;
 - (iii) tax legislation, bases or rates of taxation, government levy or duty in the jurisdictions where the Group conducts its business;
 - (iv) principal activities, management and organisation structure of the Group;
 - (v) major foreign currency exchange rates that will adversely impact the Group;
 - (vi) accounting policies of the Group; and/or
 - (vii) existing employment benefits and incentive scheme of the Group;
- (e) There will be no material impairment charge against the carrying value of the Group's assets;
- (f) There will be no legal litigation or claims that will have a material impact on the Group's results; and/or
- (g) There will be no exceptional circumstances that require material provision to be made by the Group in respect of any contingent liability or arbitration threatened or otherwise, abnormal bad debts or unexpected termination of contracts.

2.2 Directors' Statement on the CRFF Statement of Prospects

The Directors wish to inform Shareholders that the underlying bases and assumptions on which the CRFF Statement of Prospects was based were arrived at in light of information available to the Board as at 15 July 2016 (being the date of the NRFF Announcement). As the CRFF Statement of Prospects was made prior to the Joint Announcement Date (being 20 July 2016), the bases and assumptions set out above do not include the Offeror's intentions with respect to the Group.

APPENDIX 8

LETTER FROM PWC IN RELATION TO THE REVIEW OF THE STATEMENTS OF PROSPECTS



The Board of Directors
SMRT Corporation Ltd
251 North Bridge Road
Singapore 179102

6 September 2016

INDEPENDENT ASSURANCE REPORT IN CONNECTION WITH THE STATEMENTS OF PROSPECTS OF SMRT CORPORATION LTD (THE “COMPANY”) AND ITS SUBSIDIARIES (THE “GROUP”)

Dear Sirs

In accordance with our engagement contract dated 10 August 2016, we have performed a reasonable assurance engagement as required by Rule 25 of the Singapore Code on Take-overs and Mergers (the “Code”) issued by the Monetary Authority of Singapore, on the Statements of Prospects as disclosed in Appendix 7 of the scheme document prepared in connection with the proposed acquisition of the Company by Belford Investments Pte. Ltd. by way of a scheme of arrangement under Section 210 of the Companies Act, Chapter 50 of Singapore (the “Scheme Document”) and issued by the Directors of the Company on 6 September 2016.

Management’s responsibility

The Company’s management is responsible for the preparation and presentation of the Statements of Prospects in accordance with the assumptions as set out in the Statements of Prospects and in accordance with the accounting policies of the Group. This includes ensuring the appropriateness of the assumptions and accounting policies utilised in the preparation and presentation of the Statements of Prospects.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Singapore Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility

Our responsibility is to express an opinion as to whether the preparation of the Statements of Prospects is in accordance with the assumptions as set out in the Statements of Prospects and in accordance with the accounting policies of the Group. We performed our reasonable assurance engagement in accordance with Singapore Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements other than Audits or Reviews of Historical Financial Information (“Standard”). This Standard requires that we plan and perform our work to form the opinion. A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence whether the Statements of Prospects has been properly prepared and presented based on the assumptions as set out in the Statements of Prospects and in accordance with the accounting policies of the Group. The extent of our procedures depends on our professional judgement and our assessment of the engagement risk.

PricewaterhouseCoopers LLP, 8 Cross Street #17-00, PWC Building, Singapore 048424
T: (65) 6236 3388, F: (65) 6236 3300, www.pwc.com/sg GST No.: M90362193L Reg. No.: T09LL0001D

PricewaterhouseCoopers LLP (Registration No. T09LL0001D) is an accounting limited liability partnership registered in Singapore under the Limited Liability Partnerships Act (Chapter 163A). PricewaterhouseCoopers LLP is part of the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

APPENDIX 8

LETTER FROM PWC IN RELATION TO THE REVIEW OF THE STATEMENTS OF PROSPECTS



The Board of Directors
SMRT Corporation Ltd
Page 2

Our work included obtaining an understanding of the assumptions as set out in the Statements of Prospects and in accordance with the accounting policies of the Group, sufficient to identify and assess the risks that the Statements of Prospects may not have been prepared in accordance with the assumptions as set out in the Statements of Prospects and in accordance with the accounting policies of the Group, and sufficient to design and perform further evidence-gathering procedures. Our work also included carrying out inquiries of relevant personnel of the Company as well as other procedures which were necessarily conducted on a test basis and included such samples as we deemed appropriate.

We have not performed any procedures regarding the assumptions and accordingly do not report on the possibility of achievement of the Statements of Prospects. Actual results are likely to be different from the Statements of Prospects since anticipated events frequently do not occur as expected and the variation may be material. The actual results may therefore differ materially from the Statements of Prospects.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Opinion

In our opinion, the preparation of the Statements of Prospects is, in all material aspects, in accordance with the assumptions as set out in the Statements of Prospects and in accordance with the accounting policies of the Group.

Restriction on Distribution and Use

Our work in connection with the Statements of Prospects has been undertaken solely for the purpose of reporting to the Board of Directors of the Company for the purpose of meeting regulatory requirements applicable under the Code, and is not intended to be used or relied on for any other purpose. We do not accept any responsibility to any other person (other than the Board of Directors as a body corporate) in respect of, arising from or in connection with this letter.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers LLP' followed by a stylized 'W' or 'P'.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore

Partner-in-charge: Trillion So

APPENDIX 9

LETTER FROM THE IFA IN RELATION TO THE REVIEW OF THE STATEMENTS OF PROSPECTS

The Board of Directors

SMRT Corporation Ltd
251 North Bridge Road
Singapore 179102



6 September 2016

Dear Sirs,

**PROPOSED ACQUISITION BY BELFORD INVESTMENTS PTE. LTD. OF ISSUED AND PAID-UP
ORDINARY SHARES IN THE CAPITAL OF SMRT CORPORATION LTD BY WAY OF A SCHEME OF
ARRANGEMENT**

This letter has been prepared for inclusion in the scheme document issued by SMRT Corporation Ltd (the "Company") to its shareholders dated 6 September 2016 (the "Scheme Document") in relation to the proposed acquisition by Belford Investments Pte. Ltd. (the "Offeror") of all the issued and paid-up ordinary shares in the capital of the Company by way of a scheme of arrangement under Section 210 of the Companies Act, Chapter 50 of Singapore, other than those already held by the Offeror's parent, Temasek Holdings (Private) Limited.

The Scheme Document contains two statements of prospects, namely, the Bus Statement of Prospects and the CRFF Statement of Prospects (collectively, "Statements of Prospects") by the Company which are reproduced in Appendix 7 to the Scheme Document.

We have reviewed and held discussions with the Company's directors ("Directors") and management with regards to the Statements of Prospects prepared by the Company. We have also considered the letter by the Company's auditors, PricewaterhouseCoopers LLP, dated 6 September 2016 and addressed to the Directors (a copy of which is reproduced in Appendix 8 to the Scheme Document) relating to their examination of the Statements of Prospects and the accounting policies, bases, assumptions and/or information upon which the Statements of Prospects were prepared.

Based on the above, we are of the opinion that the Statements of Prospects (for which the Directors are solely responsible) have been made by the Directors after due and careful enquiry.

For the purpose of rendering our opinion in this letter, we have relied upon and assumed the accuracy and completeness of all financial and other information provided to or discussed with us. Save as provided in this letter, we do not express any other opinion on the Statements of Prospects.

This letter is provided to the Directors solely for the purpose of complying with Rule 25 of the Singapore Code on Take-overs and Mergers and not for any other purpose. We do not accept any responsibility to any person (other than the Directors) in respect of, arising out of, or in connection with this letter.

Yours faithfully

For and on behalf of

ROTHSCHILD (SINGAPORE) LIMITED

OLIVER GOETZ

MANAGING DIRECTOR

Rothschild (Singapore) Limited
One Raffles Quay, North Tower
1 Raffles Quay #10-02
Singapore 048583

Tel +65 6535 8311
Fax +65 6535 8326
www.rothschild.com

Company Registration No
197301242C

APPENDIX 10 SCHEME CONDITIONS

All capitalised terms used and not defined in this Appendix 10 shall have the same meanings given to them in the Implementation Agreement, a copy of which is available for inspection at the registered office of the Company during normal business hours from the date of this Scheme Document up to the Effective Date.

The Acquisition is conditional upon the following:

1. **Shareholders' Approval:** the approval of the Scheme by the Scheme Shareholders at the Scheme Meeting in compliance with the requirements under Section 210(3AB) of the Companies Act;
2. **Court Order:** the grant of the Court Order by the Court and such Court Order having become final;
3. **ACRA Lodgement:** the lodgement of the Court Order with ACRA pursuant to Section 210(5) of the Companies Act;
4. **Regulatory Approvals:** the receipt of the Regulatory Approvals, including the following, prior to the Record Date, and such approvals not having been revoked or withdrawn on or before the Record Date:
 - (a) confirmation from the SIC that Rules 14, 15, 16, 17, 20.1, 21, 22, 28, 29 and 33.2 and Note 1(b) on Rule 19 of the Code shall not apply to the proposed Scheme, subject to any conditions the SIC may deem fit to impose;
 - (b) confirmation from the SIC that it has no objections to the Conditions; and
 - (c) the approval-in-principle from the SGX-ST for the Scheme Document and for the proposed delisting of the Company after the Scheme becomes effective and binding in accordance with its terms ("**Delisting**");
5. **Authorisations:** the receipt of all authorisations, consents, clearances, permissions approvals and waivers as are necessary or required by either the Offeror or the Company from all third parties under the contracts entered into by the Group, for or in respect of the implementation of the Scheme, including without limitation consents and/or waivers from the creditors and suppliers of the Group and such authorisations, consents, clearances, permissions approvals and/or waivers not having been revoked or withdrawn on or before the Record Date;
6. **No Prescribed Occurrence:** between the date of the Implementation Agreement and the Record Date (both dates inclusive), no Prescribed Occurrence in relation to any Group Company occurring;
7. **No Prescribed Occurrence:** between the date of the Implementation Agreement and the Record Date (both dates inclusive), no Prescribed Occurrence in relation to the Offeror occurring;

APPENDIX 10 SCHEME CONDITIONS

8. **Company's Warranties and Covenants:**

(a) the Company's Warranties set out in the Implementation Agreement:

(1) which are qualified as to materiality being true and correct; and

(2) which are not qualified as to materiality being true and correct in all material respects,

in each case as at the date of the Implementation Agreement and as at the Record Date as though made on and as at that date except to the extent any such Warranty expressly relates to an earlier date (in which case as at such earlier date); and

(b) the Company shall have, as at the Record Date, performed and complied in all material respects with all of its covenants, undertakings and agreements contained in the Implementation Agreement which the Company is required to perform or comply with, on or prior to the Record Date;

9. **Offeror's Warranties and Covenants:**

(a) the Offeror's Warranties set out in the Implementation Agreement being true and correct in all material respects in each case as at the date of the Implementation Agreement and as at the Record Date as though made on and as at that date except to the extent any such Warranty expressly relates to an earlier date (in which case as at such earlier date); and

(b) the Offeror shall have, as at the Record Date, performed and complied in all material respects with all of its covenants, undertakings and agreements contained in the Implementation Agreement which the Offeror is required to perform or comply with, on or prior to the Record Date; and

10. **No Material Adverse Change:** Between the date of the Implementation Agreement and the Record Date (both dates inclusive), there having been no event which has caused a diminution (A) in the consolidated net tangible asset value of the Group by more than 15% as compared to the value in the Audited FY2016 Financial Statements; or (B) in the revenue of the Group by more than 25% as compared to the value in the Audited FY2016 Financial Statements, in each case as reflected in the latest publicly released consolidated unaudited financial statements of the Group prior to the Record Date or the consolidated unaudited management accounts (prepared in accordance with generally accepted accounting principles in Singapore) as at the calendar month-end at least 15 Business Days prior to the Record Date and provided further that any diminution in consolidated net tangible asset value arising from the implementation of the NRFF shall not be taken into account.

APPENDIX 11 PRESCRIBED OCCURRENCES

All capitalised terms used and not defined in this Appendix 11 shall have the same meanings given to them in the Implementation Agreement, a copy of which is available for inspection at the registered office of the Company during normal business hours from the date of this Scheme Document up to the Effective Date.

For the purposes of the Implementation Agreement and in this Scheme Document, a “**Prescribed Occurrence**” means, in relation to any Group Company, the occurrences set out in paragraphs 1 to 17 of this Appendix 11 and in relation to the Offeror, the occurrences set out in paragraphs 7 to 17 of this Appendix 11.

1. **Conversion of Shares:** any Group Company converting all or any of its shares into a larger or smaller number of shares;
2. **Share Buy-back:** any Group Company entering into a share buy-back agreement or resolving to approve the terms of a share buy-back agreement under the Companies Act or the equivalent companies or securities legislation;
3. **Reduction of Share Capital:** any Group Company resolving to reduce its share capital in any way;
4. **Allotment of Shares:** any Group Company making an allotment of, or granting an option to subscribe for, any shares or securities convertible into shares or agreeing to make such an allotment or to grant such an option or convertible security other than pursuant to the vesting of awards (granted under the Restricted Share Plans and Performance Share Plans of the Company) outstanding as at the date of the Implementation Agreement;
5. **Issuance of Debt Securities:** any Group Company issuing, or agreeing to issue, convertible notes or other debt securities;
6. **Dividends:** any Group Company declaring, making or paying any dividends or any other form of distribution to its shareholders other than the payment of the FY2016 Final Dividend;
7. **Injunctions:** an injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Scheme and/or the Acquisition or any part thereof by either the Company or the Offeror;
8. **Resolution for Winding Up:** any Group Company or the Offeror resolving that it be wound up;
9. **Appointment of Liquidator and Judicial Manager:** the appointment of a liquidator, provisional liquidator, judicial manager, provisional judicial manager and/or other similar officer of any Group Company or the Offeror;
10. **Order of Court for Winding Up:** the making of an order by a court of competent jurisdiction for the winding up of any Group Company or the Offeror;
11. **Composition:** any Group Company or the Offeror entering into any arrangement or general assignment or composition for the benefit of its creditors generally;

APPENDIX 11 PRESCRIBED OCCURRENCES

12. **Appointment of Receiver:** the appointment of a receiver or a receiver and manager, in relation to the property or assets of any Group Company or the Offeror;
13. **Insolvency:** any Group Company or the Offeror becoming or being deemed by law or a court of competent jurisdiction to be insolvent or stops or suspends or defaults on or threatens to stop or suspend or default on payment of its debts of a material amount as they fall due;
14. **Cessation of Business:** any Group Company or the Offeror ceases or threatens to cease for any reason to carry on business in the ordinary and usual course;
15. **Breach of the Implementation Agreement:** the Company or the Offeror being in material breach of any of the provisions of the Implementation Agreement;
16. **Investigations and Proceedings:** any Group Company or the Offeror or any of their respective directors is or will be the subject of any governmental, quasi-governmental, criminal, regulatory or stock exchange investigation and/or proceeding; or
17. **Analogous Event:** any event occurs which, under the laws of any jurisdiction, has an analogous or equivalent effect to any of the foregoing event(s).

APPENDIX 12 OFFEROR'S WARRANTIES

All capitalised terms used and not defined in this Appendix 12 shall have the same meanings given to them in the Implementation Agreement, a copy of which is available for inspection at the registered office of the Company during normal business hours from the date of this Scheme Document up to the Effective Date.

The Offeror undertakes, represents and warrants to the Company that:

1. Incorporation

The Offeror is a company duly incorporated in Singapore and validly existing under Singapore law. As of the date of the Implementation Agreement, the Offeror is a wholly-owned subsidiary of Temasek.

2. Power

The Offeror has the corporate power to enter into and perform its obligations under the Implementation Agreement and to carry out the transactions contemplated by the Implementation Agreement.

3. Authority

The Offeror has taken all necessary corporate action and obtained all necessary corporate approval to authorise entry into the Implementation Agreement and the performance of its obligations under the Implementation Agreement and to carry out the transactions contemplated by the Implementation Agreement.

4. Consents

The Offeror shall take or fulfil all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents from third parties) in order to:

- (a) enable the Offeror lawfully to enter into, exercise its rights under and perform and comply with its obligations under the Implementation Agreement; and
- (b) ensure that those obligations are valid, legally binding and enforceable.

5. Binding Obligation

The Offeror's obligations under the Implementation Agreement are valid, legally binding and enforceable in accordance with its terms.

6. No Breach

Neither the execution nor performance by the Offeror of the Implementation Agreement nor any transaction contemplated under the Implementation Agreement will violate or accelerate its obligations under any provision of its constitutive documents, any order, writ, injunction or decree of any Governmental Agency applicable to the Offeror or its assets, or any agreement or instrument to which the Offeror is a party or by which the Offeror or its assets are bound.

7. Sufficiency of Financial Resources

The Offeror confirms that sufficient financial resources are available to the Offeror to satisfy in full the aggregate Scheme Price payable for all the Scheme Shares as at the Books Closure Date pursuant to the Scheme.

APPENDIX 13 COMPANY'S WARRANTIES

All capitalised terms used and not defined in this Appendix 13 shall have the same meanings given to them in the Implementation Agreement, a copy of which is available for inspection at the registered office of the Company during normal business hours from the date of this Scheme Document up to the Effective Date.

The Company undertakes, represents and warrants that:

1. Group Companies

1.1 Incorporation

Each of the Group Companies is a corporation duly incorporated and validly existing under its law of incorporation.

The Company is the legal and beneficial owner of the equity interest of each of the Group Companies as set out in Schedule 1 (other than as disclosed in the Audited FY2016 Financial Statements) and holds such equity interest free from any Encumbrances.

1.2 Shares

All the Scheme Shares have been duly authorised and validly issued, are fully paid-up and rank *pari passu* in all respects with each other. The Company is not subject to any actual or contingent obligation to issue or convert securities except as required or contemplated by the Implementation Agreement or pursuant to the vesting of awards (granted under the Restricted Share Plans and Performance Share Plans of the Company) outstanding as at the date of the Implementation Agreement, and it will not declare or pay any dividend or make any distribution (in cash or in kind) to the Shareholders other than the payment of the FY2016 Final Dividend.

As at the date of the Implementation Agreement:

- (a) the issued share capital of the Company is S\$174,757,765.828 comprising 1,526,516,090 ordinary shares;
- (b) the Company does not have any treasury shares;
- (c) save as disclosed in the Audited FY2016 Financial Statements, there are no outstanding warrants, options or other securities or rights to acquire (whether by purchase, grant, conversion, exchange, exercise or otherwise) any securities issued by the Company other than an additional 3,310,000 awards granted under the Restricted Share Plans and Performance Share Plans of the Company on 13 July 2016.

2. Full Disclosure

- (a) All information contained in the Implementation Agreement, the Memorandum of Disclosure and the Due Diligence Information was when given true and accurate in all material respects and not misleading and, as at the date of the Implementation Agreement, so far as the Company is aware, there is no fact or matter or circumstance which renders any such documents and information untrue, inaccurate or misleading in any material respect, provided always that no warranty or representation shall be given

APPENDIX 13 COMPANY'S WARRANTIES

by the Company in relation to any forecast, estimate, projection or forward-looking statement which has been made by or on behalf of the Company or any Group Company.

- (b) All material information relating to the Company has been announced on the SGXNET in compliance with continuing disclosure requirements under the Listing Manual and so far as the Company is aware and other than as clarified by the Company on the SGXNET, there is no fact, matter or circumstance which renders any information disclosed in its SGXNET announcements untrue, inaccurate or misleading in any material respect.

3. Accounts

3.1 Accounts

The Audited FY2016 Financial Statements have been properly drawn up in accordance with the Companies Act and the SFRS. The Audited FY2016 Financial Statements give a true and fair view of the state of affairs of the Group and the Company, in each case, as at Last Accounts Date, and the results of operations, changes in equity and the cash flow of the Group and changes in equity of the Company, in each case, for the financial year ended 31 March 2016. The Audited FY2016 Financial Statements have been prepared on a basis consistent with that adopted in preparing the audited accounts for the financial year ended 31 March 2016.

3.2 Changes since Last Accounts Date up to Record Date

Save as Disclosed in the Memorandum of Disclosure, there have been no material adverse changes in the financial position of the Group taken as a whole since the Last Accounts Date which have not been disclosed and announced by the Company to its shareholders and, in particular, since the Last Accounts Date:

- (a) the business of the Group has been carried on solely in the ordinary and usual course, without any material interruption or alteration in its nature, scope or manner, and so as to maintain the same as a going concern, save and except for events that may occur as a result of an act of God;
- (b) the Group Companies have not entered into any transaction or assumed or made any payment or given any guarantee, indemnity or suretyship not provided for in the Audited FY2016 Financial Statements where such transaction, payment or guarantee, indemnity or suretyship would be material in the context of the Group taken as a whole, other than in the ordinary and usual course of business;
- (c) the profits of the Group have not been affected to a material extent by changes or inconsistencies in accounting treatment, by any non-recurring items of income or expenditure, by transactions of an abnormal or unusual nature or entered into otherwise than on normal commercial terms or in the ordinary and usual course of business;
- (d) the Group Companies have not entered into any unusual, long term or onerous commitments or contracts that would have a material adverse effect on the financial position of the Group taken as a whole;

APPENDIX 13 COMPANY'S WARRANTIES

- (e) none of the Group Companies has entered into or proposed to enter into any capital, operating lease or contingent commitment, other than in the ordinary and usual course of business; and
- (f) other than the FY2016 Final Dividend, no dividend or other distribution has been declared, made or paid by the Company to its members.

3.3 Absence of Undisclosed Liabilities

There are no material liabilities (including contingent liabilities) of any of the Group Companies which are outstanding on the part of each Group Company, other than (a) liabilities disclosed or provided for in the Audited FY2016 Financial Statements; (b) liabilities disclosed elsewhere in the Implementation Agreement; or (c) liabilities incurred after the Last Accounts Date in the ordinary and usual course of business.

4. Legal Matters

4.1 Compliance with Laws

- (a) Each of the Group Companies has carried on and is carrying on its business and operations so that there have been no breaches of applicable laws, regulations, bye-laws and/or other rules (including all applicable anti-bribery, anti-corruption and environmental health and safety laws and in the case of the Company the Listing Manual) in each country in which they are carried on which would have a material adverse effect on the financial position of the Group taken as a whole and no complaints have been received from any third party with regard to any breach of such laws, regulations, bye-laws and/or rules by any Group Company, except that where any breach arises by reason only of any law, regulation, bye-law and/or rule having been enacted between the date of the Implementation Agreement and the Record Date which has retrospective effect, such Group Company shall not be regarded as having been in breach of this paragraph if such Group Company takes all reasonable steps to comply with such law, regulation, bye-law and/or rule immediately thereafter.
- (b) There have not been and there are no breaches by any Group Company of its constitutional documents.

4.2 Licences and Consents

- (a) All material statutory, municipal and other licences, consents, authorisations, orders, warrants, confirmations, permissions, certificates, approvals and authorities ("**Company Licences**") necessary for the carrying on of the businesses and operations of each of the Group Companies as now carried on have been obtained, are in full force and effect and all conditions applicable to any such Company Licence have been and are being complied with in all material respects, unless the failure to obtain, the non-validity of or non-compliance with any condition applicable to such Company Licence does not have a material adverse effect on the assets or business of the relevant Group Company.

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- (b) Save as Disclosed in the Memorandum of Disclosure and so far as the Company is aware, there is no investigation, enquiry or proceeding outstanding or threatened which is likely to result in the suspension, cancellation, modification or revocation of any of the Company Licences. So far as the Company is aware, none of the Company Licences is likely to be suspended, cancelled, refused, modified or revoked (whether as a result of entering into the Implementation Agreement, consummating the Acquisition or otherwise).

4.3 Litigation, Arbitration or Investigation

- (a) No litigation, arbitration or administrative proceeding is current, pending or (so far as the Company is aware) threatened to restrain the entry into, exercise of the Company's rights under and/or performance or enforcement of or compliance with its obligations under the Implementation Agreement.
- (b) No litigation, arbitration or administrative proceeding is current, pending or (so far as the Company is aware) threatened against any Group Company which may have a material adverse effect on the financial position of the Group taken as a whole.
- (c) As at the date of the Implementation Agreement, so far as the Company is aware, no investigation or enquiry by any court, tribunal, arbitrator, Governmental Agency or regulatory body is outstanding or anticipated against any Group Company which may have a material adverse effect on the financial position of the Group taken as a whole.

4.4 Insolvency

No order has been made or petition presented or resolution passed for the winding-up or administration or for the appointment of a provisional liquidator of any Group Company, nor, so far as the Company is aware, are there any grounds on which any person would be entitled to have any Group Company wound up or placed in administration, nor, so far as the Company is aware, has any person threatened to present such a petition or convened or threatened to convene a meeting of any Group Company to consider a resolution to wind up such Group Company or any other resolutions.

4.5 Power and Authority

The Company has all the necessary corporate power and authority to enter into and perform its obligations under the Implementation Agreement and to carry out the transactions contemplated by the Implementation Agreement.

4.6 Binding Obligation

The Company's obligations under the Implementation Agreement are valid, legally binding and enforceable in accordance with its terms.

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5. Contractual Arrangements

5.1 Debts, Contracts and Arrangements with Interested Persons etc.

Save as disclosed in the Audited FY2016 Financial Statements and since the Last Accounts Date, there is no interested person transaction (as defined in the Listing Manual) between any Group Company and an interested person (as defined in the Listing Manual) of the Company.

5.2 Effect of the Acquisition

The execution and delivery of, and the performance by the Company of its obligations under the Implementation Agreement and the transactions contemplated hereunder (including the Scheme, the Acquisition and/or the Delisting):

- (a) do not and will not result in a breach of any provision of the memorandum or articles of association or the constitutional documents of any Group Company; and
- (b) save as Disclosed in the Memorandum of Disclosure, do not and will not conflict with or result in the breach of or constitute a default or mandatory prepayment event under any agreement (including the Notes), instrument, deed, law, regulation, bye-law or licence (including the Company Licences) to which any Group Company is now a party or to which any Group Company is subject, or any loan to or mortgage created by any Group Company, or relieve any other party to a contract with any Group Company of its obligations under such contract, or entitle such party to terminate or modify such contract, whether summarily or by notice, or result in the creation of any Encumbrance under any agreement, licence or other instrument, or result in a breach of any order, judgment or decree of any court, Governmental Agency or regulatory body to which any Group Company is a party or by which any Group Company or any of their respective assets is bound unless such conflict, breach or default does not result in a material adverse effect on the financial position of the Group taken as a whole.

5.3 Contracts

- (a) No Group Company is, or has been, a party to any contract or transaction with a third party which:
 - (i) is outside the ordinary and usual course of business;
 - (ii) is not wholly on an arm's length basis; or
 - (iii) is of a loss-making nature that would have a material adverse effect on the financial position of the Group taken as a whole.
- (b) Except in the ordinary and usual course of business, none of the Group Companies:
 - (i) is, or has agreed to become, a party to any agency, distributorship, marketing, purchasing, manufacturing or licensing agreement or arrangement or any agreement or arrangement which restricts its freedom to carry on its business in any part of the world in such manner as it thinks fit;

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- (ii) is, or has agreed to become, a member of any joint venture, consortium, partnership or other unincorporated association; or
- (iii) is, or has agreed to become, a party to any agreement or arrangement for participating with others in any business, sharing commissions or other income.

5.4 Compliance with Agreements

All the contracts and all leases, tenancies, licences, concessions and agreements (breach of which will have a material adverse effect on the financial position of the Group taken as a whole) to which any of the Group Companies is a party are valid, binding and enforceable obligations of the relevant Group Company, and the terms thereof have been complied with in all material respects by the relevant Group Company. So far as the Company is aware, there are no circumstances likely to give rise to any breach of such contracts, leases, tenancies, licences, concessions or agreements and no notice of termination or of intention to terminate has been received in respect of any thereof.

6. Taxation Matters

6.1 Returns, Information and Clearances

- (a) All returns, computations, notices and information which are or have been required to be made, given or delivered by any Group Company for any Taxation purpose (i) have been made, given or delivered within the requisite periods or within permitted extensions of such periods; (ii) are up-to-date, complete and accurate in all material respects and made on a proper basis; and (iii) none of them is the subject of any dispute with the Taxation Authority.
- (b) All Taxes assessed or imposed by any Taxation Authority which have been assessed upon the Group Company and which are due and payable on or before the Record Date have been paid and were paid on or before the relevant due date for payment or will be paid before the relevant due date for payment.
- (c) All Group Companies have fully accounted for any deferred Tax liabilities (i.e. amounts in relation to any activity or event prior to the Effective Date for which a Tax liability is known or may be expected to crystallise, but such Tax liability is not due and payable on or before the Effective Date) in their most recent statutory accounts.

6.2 Tax Claims

- (a) Since the Last Accounts Date, no single Claim for Taxation has been made:
 - (i) in respect of or arising from any transaction effected or deemed to have been effected on or before the Effective Date; or
 - (ii) by reference to any income, profits or gains earned, accrued or received on or before the Effective Date,

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except:

- (1) to the extent that Taxation was paid, provided for or accrued in respect thereof in the Audited FY2016 Financial Statements or to the extent that Taxation was paid, provided for or accrued in respect thereof in any of the audited accounts or unaudited accounts or management accounts of a Group Company or the Company on a consolidated basis up to the Effective Date; and
 - (2) to the extent that such Claim arises as a result only of any provision or reserve in respect thereof being insufficient by reason of any increase in rates of Taxation made after the date hereof with retrospective effect.
- (b) **"Claim"** means any notice, demand, assessment, letter or other document issued or action taken by the Taxation Authority or other statutory or governmental authority, body or official whosoever whereby a Group Company is placed under a liability to make a payment on any Taxation or deprived of any relief, allowance, credit or repayment otherwise available for Taxation purposes.

6.3 Tax Incentives

- (a) All the tax incentives enjoyed by the Group Companies as at the date of the Implementation Agreement will not, so far as the Company is aware, be affected, varied, withdrawn or revoked as a result of the Acquisition and/or the Scheme. Each Group Company has complied with all the conditions subject to which tax incentives have been granted to such Group Company.
- (b) No relief (whether by way of deduction, reduction, set-off, exemption, postponement, roll-over, repayment or allowance or otherwise) from, against or in respect of any Taxation has been claimed and/or given to any Group Company which could be effectively withdrawn, postponed, restricted, clawed back or otherwise lost as a result of any act or omission by any Group Company or, so far as the Company is aware, as a result of the Scheme.

6.4 Tax Audits

Save as Disclosed in the Memorandum of Disclosure and so far as the Company is aware, there is no investigation by any Taxation Authority in process or pending with respect to any Tax returns of any Group Company, other than queries raised by a Taxation Authority in its usual review of such Tax returns by a Group Company.

7. Assets (including Real Properties)

7.1 Ownership and Lease of Assets

- (a) Save as Disclosed in the Memorandum of Disclosure, all assets (including real properties) which are included in the Audited FY2016 Financial Statements are the absolute property of the relevant Group Company and all such assets and properties and all debts which have subsequently been acquired or arisen are the absolute property of the relevant Group Company.

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- (b) Save as Disclosed in the Memorandum of Disclosure, each Group Company has good title to all owned assets (including real properties) free from Encumbrances, save for liens arising by operation of law in the ordinary and usual course of carrying on its business.
- (c) All such owned and leased assets (including the real properties) are, where capable of possession, in the possession of or under the control of the relevant Group Company, or the relevant Group Company is entitled to take possession or control of such assets, provided that in the case of assets which have been leased by the Group Company to third parties in the ordinary and usual course of carrying on its business, such possession or control on the part of the Group Company is subject to the terms and conditions of the relevant lease agreements, contracts or arrangements relating thereto.
- (d) Any of the real properties which is held under lease by a Group Company, is held under a valid, subsisting and enforceable lease/tenancy agreement with such exceptions as do not materially interfere with the use or proposed use of such property and buildings.

7.2 Insurance

- (a) All the assets of each of the Group Companies which are capable of being insured are adequately insured against fire, business interruption and other risks normally insured against by companies carrying on similar businesses or owning assets of a similar nature.
- (b) Each of the current insurance and indemnity policies in respect of which any of the Group Companies has an interest (including any active historic policies which provide cover on a losses occurring basis but excluding insurances relating to the payment of hospital and other medical expenses) (the "**Policies**") is valid and enforceable and (so far as the Company is aware) is not void or voidable.
- (c) In respect of all Policies, all premiums have been duly paid to date.
- (d) So far as the Company is aware, no individual claim in excess of S\$200,000 is outstanding in respect of any of the Policies, and no fact or circumstance exists which might give rise to such a claim under any of the Policies.

8. Employment

- (a) Each Group Company has in relation to each of its employees (and so far as relevant to each of its former employees) complied in all material respects with:
 - (i) all obligations imposed on it by all statutes, regulations and codes of conduct and practice relevant to the relations between it and its employees or any trade union, including making deductions and payments in respect of contributions (including employer's contributions) to any relevant competent authority;
 - (ii) all collective agreements and customs and practices for the time being dealing with such relations or the conditions of service of its employees; and

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- (iii) all relevant orders and awards made under any relevant statute, regulation or code of conduct and practice affecting the conditions of service of its employees.
- (b) Since 2014, there has been no strike, work to rule, work stoppage, work interference activity or industrial action (official or unofficial) by any employee of any Group Company, threatened or on-going.
- (c) Save as Disclosed in the Due Diligence Information, there are not in existence, nor has any proposal been announced to establish, any retirement, death or disability benefit schemes for directors or employees, nor are there any obligations to or in respect of present or former directors or employees with regard to retirement, death or disability pursuant to which any Group Company is or may become liable to make payments of a material nature and no pension or retirement or sickness gratuity of a material nature is currently being paid or has been promised by any Group Company to or in respect of any former director or former employee.
- (d) There are no terms of employment, consultancy, appointment or contract for any employees of any of the Group Company which provide that (i) a change in control of any Group Company (howsoever defined therein including any transaction similar to or identical to the Acquisition) or (ii) any changes as contemplated by the Acquisition, Scheme and Delisting shall entitle any employee to treat the change in control as amounting to a breach of the contract or entitling him to any payment or benefit or enhanced notice period whatsoever or entitling him to treat himself as redundant or dismissed or released from any obligation.

9. Intellectual Property Rights

- (a) So far as the Company is aware, all Intellectual Property Rights used by each Group Company in connection with its business are validly and lawfully vested in and beneficially owned or licensed from third parties by the relevant Group Company free from Encumbrances and the use of such rights or any part thereof does not infringe any Intellectual Property Rights owned by any third party or involve the unlicensed use of confidential information disclosed to any Group Company by any person in circumstances which might entitle that person to a claim against such Group Company, and none of such Intellectual Property Rights are being used, claimed, opposed or attacked by any person. The Group Companies have not entered into any arrangements which might inhibit or restrict the use or exercise by the Group Companies of the Intellectual Property Rights.
- (b) So far as the Company is aware, none of the activities of the Group Companies (excluding the use of components, parts, products or equipment supplied by third parties for the purpose of the work to be done by the Group Companies) infringes any Intellectual Property Rights of any kind whatsoever of any other person or gives rise to an obligation to pay any sum in the nature of a royalty.

**APPENDIX 14
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IN THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

Originating Summons)
No. 866 of 2016)

In the Matter of Section 210 of
the Companies Act, Chapter 50

And

In the Matter of
SMRT Corporation Ltd
(Company Registration No. 200001855H)

...Applicant

SCHEME OF ARRANGEMENT

Under Section 210 of the Companies Act, Chapter 50

Between

SMRT Corporation Ltd

And

The Scheme Shareholders (as defined herein)

And

Belford Investments Pte. Ltd.

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PRELIMINARY

In this Scheme of Arrangement, except to the extent that the context requires otherwise, the following expressions shall bear the following respective meanings:

“Books Closure Date”	:	A date to be announced (which announcement shall be before the Effective Date) by the Company on which the Transfer Books and the Register of Members will be closed in order to determine the entitlements of the Scheme Shareholders in respect of the Scheme
“Business Day”	:	A day (excluding Saturdays, Sundays and gazetted public holidays) on which commercial banks are open for business in Singapore
“CDP”	:	The Central Depository (Pte) Limited
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore
“Company”	:	SMRT Corporation Ltd
“Court”	:	The High Court of Singapore, or where applicable on appeal, the Court of Appeal of Singapore
“Effective Date”	:	The date on which the Scheme becomes effective and binding in accordance with its terms, and which date shall, in any event, be no later than the Long-Stop Date
“Encumbrances”	:	Any liens, equities, mortgages, charges, encumbrances, security interests, hypothecations, easements, pledges, title retentions, trust arrangements, hire purchases, judgments, preferential rights, rights of pre-emption and other rights or interests conferring security or similar rights in favour of a third party
“Entitled Scheme Shareholders”	:	Scheme Shareholders as at 5.00 p.m. on the Books Closure Date
“FY”	:	The financial year of the Company from 1 April to 31 March. A reference to “FY” followed immediately by a reference to a calendar year shall mean the financial year of the Company starting on 1 April of the immediately preceding calendar year and ending on 31 March of the relevant calendar year. By way of illustration, “FY2016” shall mean the financial year of the Company from 1 April 2015 to 31 March 2016

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“FY2016 Final Dividend”	:	Final (tax exempt one-tier) dividend of 2.50 cents per Share for FY2016 as approved by the Company at its annual general meeting held on 5 July 2016 and which was paid by the Company to all entitled Shareholders on 4 August 2016
“Implementation Agreement”	:	The implementation agreement dated 20 July 2016 entered into between the Company and the Offeror setting out the terms and conditions on which the Offeror and the Company will implement the Scheme
“Joint Announcement”	:	The joint announcement by the Company and the Offeror dated 20 July 2016 in relation to, <i>inter alia</i> , the Scheme
“Joint Announcement Date”	:	20 July 2016, being the date of the Joint Announcement
“Latest Practicable Date”	:	24 August 2016, being the latest practicable date prior to the printing of the Scheme Document
“Long-Stop Date”	:	31 December 2016 (or such other date as the Company and the Offeror may agree in writing)
“Offeror”	:	Belford Investments Pte. Ltd.
“Register of Members”	:	The register of members of the Company
“Scheme”	:	The scheme of arrangement under Section 210 of the Companies Act dated 6 September 2016, in its present form or with or subject to any modification thereof or amendment or addition thereto in accordance with its terms or condition(s) approved or imposed by the Court
“Scheme Conditions”	:	The conditions precedent in the Implementation Agreement which must be satisfied (or where applicable, waived) by the Long-Stop Date for the Scheme to be implemented and which are reproduced in Appendix 10 to the Scheme Document
“Scheme Document”	:	This document dated 6 September 2016 issued by the Company to Shareholders which contains, <i>inter alia</i> , details of the Scheme
“Scheme Meeting”	:	The meeting of Scheme Shareholders to be convened pursuant to the order of the Court to approve the Scheme, notice of which is set out in Appendix 15 to the Scheme Document, and any adjournment thereof

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“Scheme Price”	:	The cash amount of S\$1.68 for each Scheme Share to be paid by the Offeror to each Entitled Scheme Shareholder for their Scheme Shares in accordance with the terms of the Scheme
“Scheme Shareholders”	:	Shareholders other than Temasek
“Scheme Shares”	:	Shares other than those already held by Temasek
“Securities Account”	:	The relevant securities account maintained by a depositor with CDP but does not include a securities sub-account
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share”	:	Issued and paid-up ordinary share in the capital of the Company
“Share Registrar”	:	Boardroom Corporate & Advisory Services Pte. Ltd., the share registrar of the Company
“Shareholders”	:	Persons who are registered as holders of Shares in the Register of Members and depositors who have Shares entered against their names in the Depository Register
“Singapore”	:	Republic of Singapore
“S\$” and “cents”	:	Singapore dollars and cents, respectively, being the lawful currency of Singapore
“Temasek”	:	Temasek Holdings (Private) Limited
“Transfer Books”	:	The transfer books of the Company
“%” or “per cent.”	:	Per centum or percentage

The terms **“depositor”** and **“Depository Register”** shall have the same meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore.

The terms **“subsidiary”** and **“related corporation”** shall have the meanings ascribed to them respectively in Sections 5 and 6 of the Companies Act.

The term **“Shareholder”**, in relation to any Share, includes a person entitled to that Share by transmission.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing any one gender shall, where applicable, include the other genders. References to persons shall, where applicable, include firms, corporations and other entities.

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Any reference to any enactment or statute shall include a reference to any subordinate legislation and any regulation made under the relevant enactment or statute and is a reference to that enactment, statute, subordinate legislation or regulation as from time to time amended, consolidated, modified, re-enacted or replaced, whether before or after the date of this Scheme.

Any reference to a time of day and date is made by reference to Singapore time and date respectively, unless otherwise stated.

RECITALS

- (A) The Company was incorporated in Singapore on 6 March 2000 and was listed on the Mainboard of the SGX-ST on 26 July 2000. As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S\$174,757,765.828 comprising 1,526,516,090 Shares. The Company has no treasury shares.
- (B) The primary purpose of this Scheme is the acquisition by the Offeror of all the Scheme Shares.
- (C) The Company and the Offeror have entered into the Implementation Agreement to set out their respective rights and obligations with respect to this Scheme and the implementation thereof.
- (D) The Offeror has agreed to appear by legal counsel at the hearing of the Originating Summons to sanction this Scheme, and to consent thereto, and to undertake to the Court to be bound thereby and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to this Scheme.

1. CONDITIONS PRECEDENT

This Scheme is conditional upon each of the Scheme Conditions being satisfied or, subject to the terms of the Implementation Agreement, waived on or before the Long-Stop Date.

2. TRANSFER OF THE SCHEME SHARES

- 2.1 With effect from the Effective Date, all of the Scheme Shares held by Entitled Scheme Shareholders will be transferred to the Offeror fully paid, free from all Encumbrances and together with all rights, benefits and entitlements as at the Joint Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, made or paid by the Company on or after the Joint Announcement Date but excluding the right to receive and retain the FY2016 Final Dividend. The Offeror will not be reducing the Scheme Price by the amount of the FY2016 Final Dividend.
- 2.2 For the purpose of giving effect to the transfer of the Scheme Shares provided for in Clause 2 of this Scheme:
 - (a) in the case of Entitled Scheme Shareholders (not being depositors), the Company shall authorise any person to execute or effect on behalf of all such Entitled Scheme Shareholders an instrument or instruction of transfer of all the Scheme Shares held by

APPENDIX 14 THE SCHEME

such Entitled Scheme Shareholders and every such instrument or instruction of transfer so executed shall be effective as if it had been executed by the relevant Entitled Scheme Shareholder; and

- (b) in the case of Entitled Scheme Shareholders (being depositors), the Company shall instruct CDP, for and on behalf of such Entitled Scheme Shareholders, to debit, not later than three (3) Business Days after the Effective Date, all the Scheme Shares standing to the credit of the Securities Account of such Entitled Scheme Shareholders and credit all of such Scheme Shares to the Securities Account of the Offeror or such Securities Account(s) as directed by the Offeror.

3. PAYMENT OF SCHEME PRICE

- 3.1 In consideration for the transfer of the Scheme Shares to the Offeror under Clause 2.1 of this Scheme and subject to Clause 1 of this Scheme, the Offeror shall pay or procure that there shall be paid to each Entitled Scheme Shareholder the Scheme Price, being S\$1.68 in cash for each Scheme Share transferred pursuant to this Scheme.
- 3.2 The Offeror shall, not later than seven (7) Business Days after the Effective Date, and against the transfer of the Scheme Shares set out in Clause 2.1 of this Scheme, make payment of the aggregate Scheme Price payable on the transfer of the Scheme Shares pursuant to this Scheme to:
 - (a) each Entitled Scheme Shareholder (not being a depositor) by sending a cheque for the aggregate Scheme Price payable to such Entitled Scheme Shareholder made out in favour of such Entitled Scheme Shareholder by ordinary post to his address in the Register of Members at the close of business on the Books Closure Date, at the sole risk of such Entitled Scheme Shareholder, or in the case of joint Entitled Scheme Shareholders, to the first named Entitled Scheme Shareholder made out in favour of such Entitled Scheme Shareholder by ordinary post to his address in the Register of Members at the close of business on the Books Closure Date, at the sole risk of such Entitled Scheme Shareholders; and
 - (b) each Entitled Scheme Shareholder (being a depositor) by making payment of the aggregate Scheme Price payable to such Entitled Scheme Shareholder to CDP. CDP shall (i) in the case of an Entitled Scheme Shareholder (being a depositor) who has registered for CDP's direct crediting service, credit the aggregate Scheme Price payable to such Entitled Scheme Shareholder, to the designated bank account of such Entitled Scheme Shareholder and (ii) in the case of an Entitled Scheme Shareholder or joint Entitled Scheme Shareholders (being depositor(s)) who has or have not registered for CDP's direct crediting service, send to such Entitled Scheme Shareholder(s), by ordinary post to his mailing address in the Depository Register and at the sole risk of such Entitled Scheme Shareholder(s), a cheque for the payment of such aggregate Scheme Price made out in favour of such Entitled Scheme Shareholder(s).
- 3.3 The encashment of any cheque or the crediting by CDP of the aggregate Scheme Price in such other manner as the Entitled Scheme Shareholder may have agreed with CDP for payment of any cash distributions as referred to in Clause 3.2 of this Scheme shall be deemed as good discharge to the Offeror, the Company and CDP for the moneys represented thereby.

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- 3.4 (a) On and after the day being six (6) calendar months after the posting of such cheques relating to the Scheme Price, the Offeror shall have the right to cancel or countermand payment of any such cheque which has not been cashed (or has been returned uncashed) and shall place all such moneys in a bank account in the Company's name with a licensed bank in Singapore selected by the Company.
- (b) The Company or its successor entity shall hold such moneys and any moneys returned by CDP to the Company (which shall similarly be placed in the bank account referred to in Clause 3.4(a) of this Scheme) until the expiration of six (6) years from the Effective Date and shall prior to such date make payments therefrom of the sums payable pursuant to Clause 3.2 of this Scheme to persons who satisfy the Company or its successor entity that they are respectively entitled thereto and that the cheques referred to in Clause 3.2 of this Scheme for which they are payees have not been cashed. Any such determination shall be conclusive and binding upon all persons claiming an interest in the relevant moneys, and any payments made by the Company hereunder shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to Clause 3.1 of this Scheme.
- (c) On the expiry of six (6) years from the Effective Date, each of the Company and the Offeror shall be released from any further obligation to make any payments of the Scheme Price under this Scheme and the Company or its successor entity shall transfer to the Offeror the balance (if any) of the sums then standing to the credit of the bank account referred to in Clause 3.4(a) of this Scheme including accrued interest, subject, if applicable, to the deduction of interest, tax or any withholding tax or any other deduction required by law and subject to the deduction of any expenses.
- (d) Clause 3.4(c) of this Scheme shall take effect subject to any prohibition or condition imposed by law.
- 3.5 From the Effective Date, each existing share certificate representing a former holding of Scheme Shares by Scheme Shareholders (not being depositors) will cease to be evidence of title of the Scheme Shares represented thereby. Scheme Shareholders who are not depositors shall be required to forward their existing share certificates relating to their Scheme Shares to the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623 as soon as possible, but not later than seven (7) Business Days after the Effective Date, for cancellation.

4. EFFECTIVE DATE

- 4.1 Subject to the satisfaction of the conditions precedent set out in Clause 1 of this Scheme, this Scheme shall become effective and binding in accordance with its terms if all the Scheme Conditions have been satisfied (or, where applicable, waived) in accordance with the Implementation Agreement and upon a copy of the order of the Court sanctioning this Scheme under Section 210 of the Companies Act being duly lodged with the Accounting and Corporate Regulatory Authority of Singapore for registration.
- 4.2 Unless this Scheme shall have become effective and binding in accordance with its terms as aforesaid on or before the Long-Stop Date (or such other date as the Court on the application of the Company or the Offeror may allow), this Scheme shall lapse.

APPENDIX 14 THE SCHEME

- 4.3 The Company and the Offeror may jointly consent, for and on behalf of all concerned, to any modification of, or amendment to, this Scheme or to any condition which the Court may think fit to approve or impose.
- 4.4 In the event that this Scheme does not become effective and binding in accordance with its terms for any reason, the costs and expenses incurred by the Company in connection with this Scheme will be borne by the Company.
- 4.5 This Scheme shall be governed by, and construed in accordance with, the laws of Singapore, and the Company, the Offeror and Scheme Shareholders submit to the non-exclusive jurisdiction of the courts of Singapore. A person who is not a party to this Scheme has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore, to enforce any term or provision of this Scheme.

Dated 6 September 2016

APPENDIX 15 NOTICE OF SCHEME MEETING

IN THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

Originating Summons)
No. 866 of 2016)

In the Matter of Section 210 of
the Companies Act, Chapter 50

And

In the Matter of
SMRT Corporation Ltd
(Company Registration No. 200001855H)

...Applicant

SCHEME OF ARRANGEMENT

Under Section 210 of the Companies Act, Chapter 50

Between

SMRT Corporation Ltd

And

The Scheme Shareholders (as defined herein)

And

Belford Investments Pte. Ltd.

NOTICE OF SCHEME MEETING

NOTICE IS HEREBY GIVEN that by an Order of Court made in the above matter, the High Court of the Republic of Singapore (the “**Court**”) has directed a meeting (the “**Scheme Meeting**”) of Scheme Shareholders of SMRT Corporation Ltd (the “**Company**”) to be convened and such Scheme Meeting shall be held at The Star Theatre, Level 5, The Star Performing Arts Centre, 1 Vista Exchange Green, Singapore 138617 on 29 September 2016 at 3.30 p.m. or as soon thereafter following the conclusion or adjournment of the extraordinary general meeting of the Company in relation to the proposed sale of operating assets in connection with the contemplated transition by the Company from the current rail financing framework to the new rail financing framework as announced by the Company on 15 July 2016 (the “**NRFF EGM**”) to be held at 2.30 p.m. on the same day and at the same venue, whichever is later, for the purpose of considering and, if thought fit, approving the following resolution.

RESOLUTION

RESOLVED THAT the scheme of arrangement dated 6 September 2016 proposed to be made pursuant to Section 210 of the Companies Act, Chapter 50 of Singapore, between (i) the Company, (ii) the Scheme Shareholders and (iii) Belford Investments Pte. Ltd., a copy of which has been circulated with this Notice convening this Scheme Meeting, be and is hereby approved.

APPENDIX 15 NOTICE OF SCHEME MEETING

All references to the Scheme Document in this Notice of Scheme Meeting shall mean the Company's Scheme Document to Scheme Shareholders dated 6 September 2016. All capitalised terms not otherwise defined herein shall have the meanings given to them in the Scheme Document.

By the said Order of Court, the Court has appointed Mr Koh Yong Guan, or failing him, any director of the Company, to act as Chairman of the Scheme Meeting and has directed the Chairman to report the results thereof to the Court.

The said scheme of arrangement will be subject to, inter alia, the subsequent sanction of the Court.

Notes

1. A copy of the said scheme of arrangement and a copy of the Explanatory Statement required to be furnished pursuant to Section 211 of the Companies Act, Chapter 50 of Singapore ("**Companies Act**"), are incorporated in the printed document of which this Notice forms part.
2. In the case of joint holders of Scheme Shares, any one of such persons may vote, but if more than one of such persons be present at the Scheme Meeting, the person whose name stands first in the Register of Members of the Company or, as the case may be, the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore) shall alone be entitled to vote.
3. A Scheme Shareholder, who is entitled to attend, speak and vote at the Scheme Meeting, is entitled to appoint one (and not more than one) proxy to attend and vote at the Scheme Meeting.
4. A proxy need not be a member of the Company.
5. A form of proxy applicable for the Scheme Meeting is enclosed with the printed document of which this Notice forms part.
6. Please see the Scheme Document and the Notes to Proxy Form for more information.

Personal data privacy

By submitting an instrument appointing a proxy to attend, speak and vote at the Scheme Meeting and/or any adjournment thereof, a Scheme Shareholder:

1. Consents to the collection, use and disclosure of the Scheme Shareholder's personal data by the Company (and/or its agents) for the purpose of processing and administration by the Company (and/or its agents) of its proxy appointed for the Scheme Meeting (including any adjournment thereof), and in order for the Company (and/or its agents) to comply with the applicable laws, listing rules, regulations and/or guidelines (collectively the "**Purposes**");
2. Warrants that where the Scheme Shareholder discloses the personal data of the Scheme Shareholder's proxy to the Company (and/or its agents), the Scheme Shareholder has obtained the prior consent of such proxy for the collection, use and disclosure by the Company (and/or its agents) of the personal data of such proxy for the Purposes; and
3. Agrees that the Scheme Shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Scheme Shareholder's breach of warranty.

Dated this 6th day of September 2016

WongPartnership LLP
12 Marina Boulevard Level 28
Marina Bay Financial Centre Tower 3
Singapore 018982

Solicitors for
SMRT Corporation Ltd

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PROXY FORM FOR SCHEME MEETING

Important:

1. This Proxy Form is not valid for use by CPF/SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
2. CPF Investors who wish to attend the Scheme Meeting as OBSERVERS have to submit their requests through their respective Agent Banks so that their Agent Banks may register with the Share Registrar.

Personal data privacy

By submitting an instrument appointing a proxy, the Scheme Shareholder accepts and agrees to the personal data privacy terms set out in the Notice of Scheme Meeting dated 6 September 2016.

SMRT CORPORATION LTD

(Incorporated in the Republic of Singapore)
(Company Registration No. 20001855H)

FORM OF PROXY FOR USE AT THE SCHEME MEETING (OR ANY ADJOURNMENT THEREOF) OF THE SCHEME SHAREHOLDERS

IN THE HIGH COURT OF THE REPUBLIC OF SINGAPORE

Originating Summons)
No. 866 of 2016)

In the Matter of Section 210 of
the Companies Act, Chapter 50

And

In the Matter of
SMRT Corporation Ltd
(Company Registration No. 200001855H)

...Applicant

SCHEME OF ARRANGEMENT

Under Section 210 of the Companies Act, Chapter 50

Between

SMRT Corporation Ltd

And

The Scheme Shareholders (as defined herein)

And

Belford Investments Pte. Ltd.

PROXY FORM FOR SCHEME MEETING

*I/We _____ (Name) _____ (NRIC/Passport No.)
of _____ (Address)

being a *member/members of SMRT Corporation Ltd (the “**Company**”) hereby appoint

Name	Address	NRIC/Passport No.

or failing *him/her, the Chairman of the Scheme Meeting of the Company, as *my/our proxy to attend and to vote for *me/us on my/our behalf at the Scheme Meeting, to be held at The Star Theatre, Level 5, The Star Performing Arts Centre, 1 Vista Exchange Green, Singapore 138617 on 29 September 2016 at 3.30 p.m. or as soon thereafter following the conclusion or adjournment of the NRFF EGM to be held at 2.30 p.m. on the same day and at the same venue, whichever is later, and at any adjournment thereof, for the purpose of considering and, if thought fit, approving the scheme of arrangement referred to in the notice convening the Scheme Meeting, and at such Scheme Meeting (or at any adjournment thereof) to vote for *me/us and in *my/our name(s) for the said Scheme or against the said Scheme as hereunder indicated.

*I/We direct *my/our proxy to vote for or against the Scheme to be proposed at the Scheme Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy will vote or abstain from voting at *his/her discretion, as *he/she will on any other matter arising at the Scheme Meeting (or at any adjournment thereof). If no person is named in the above boxes, the Chairman of the Scheme Meeting shall be *my/our proxy to vote, for or against the Scheme at the Scheme Meeting, for *me/us and on *my/our behalf at the Scheme Meeting and at any adjournment thereof.

If you wish to vote “FOR” the Scheme referred to in the notice convening the Scheme Meeting, please indicate with a tick (✓) in the box marked “FOR” set out below. If you wish to vote “AGAINST” the Scheme referred to in the notice convening the Scheme Meeting, please indicate with a tick (✓) in the box marked “AGAINST” set out below. **DO NOT TICK IN BOTH BOXES.**

RESOLUTION	FOR	AGAINST
To approve the scheme of arrangement		

* Delete accordingly.

Dated this _____ day of _____ 2016

Total No. of Scheme Shares held

Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES ON THE OPPOSITE PAGE

PROXY FORM FOR SCHEME MEETING

NOTES TO PROXY FORM:

1. A Scheme Shareholder entitled to attend and vote at the Scheme Meeting is entitled to appoint one (and not more than one) proxy to attend and vote instead of him. A proxy need not be a member of the Company.
2. The instrument appointing a proxy must be under the hand of the appointor or his attorney duly authorised in writing or, where the instrument appointing a proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Any alteration made to the proxy form should be initialled by the person who signs it.
3. A corporation which is a Scheme Shareholder may authorise by a resolution of its directors or other governing body an authorised representative in accordance with its articles of association or other constitutional document and Section 179 of the Companies Act, Chapter 50 of Singapore, to attend and vote at the Scheme Meeting on its behalf.
4. The instrument appointing a proxy (together with the power of attorney, if any, under which it is signed or a certified copy thereof), must be deposited with the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, at least 48 hours before the time appointed for the Scheme Meeting.
5. A Scheme Shareholder should insert into the proxy form the total number of Scheme Shares held by him. If the Scheme Shareholder has Scheme Shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), he should insert that number of Scheme Shares. If the Scheme Shareholder has Scheme Shares registered in his name in the Register of Members of the Company, he should insert that number of Scheme Shares. If the Scheme Shareholder has Scheme Shares entered against his name in the Depository Register as well as Scheme Shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of Scheme Shares. If no number is inserted, the instrument appointing a proxy will be deemed to relate to all the Scheme Shares held by the Scheme Shareholder (in both the Register of Members and the Depository Register).
6. The submission of an instrument appointing a proxy by a Scheme Shareholder does not preclude him from attending and voting at the Scheme Meeting if he so wishes. In such event, the instrument appointing a proxy will be deemed to be revoked and the Company reserves the right to refuse to admit to the Scheme Meeting any person appointed under the instrument appointing a proxy.
7. In the case of joint holders of Scheme Shares, any one of such persons may vote, but if more than one of such persons be present at the Scheme Meeting, the person whose name stands first on the Register of Members or (as the case may be) the Depository Register shall alone be entitled to vote.
8. The Company shall be entitled to reject the instrument appointing a proxy if it is incomplete, improperly completed, unexecuted or improperly executed, or illegible, or where in the Company's opinion the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy, or if the proxy form is not submitted on time and in accordance with Note 4 above. In addition, in the case of Scheme Shares entered in the Depository Register, the Company shall be entitled to reject any instrument appointing a proxy if the Scheme Shareholder, being the appointor, is not shown to have Scheme Shares, or the number of Scheme Shares in relation to which the proxy has been appointed, entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Scheme Meeting, as certified by The Central Depository (Pte) Limited to the Company.
9. Agent Banks acting at the request of CPF Investors and/or SRS Investors who wish to attend the Scheme Meeting as observers are requested to submit in writing, a list with details of the investors' names, NRIC/Passport numbers, address and number of Scheme Shares held. The list, signed by an authorised signatory of the Agent Bank, should reach the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, at least 48 hours before the time fixed for holding the Scheme Meeting.
10. All capitalised terms not otherwise defined herein shall have the meanings given to them in the Company's Scheme Document dated 6 September 2016.

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