

LETTER DATED 17 JUNE 2015

THIS LETTER IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Letter is issued by **SMRT CORPORATION LTD** (the "Company").

If you are in any doubt in relation to this Letter or as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of the Company, you should immediately forward this Letter together with the Notice of Annual General Meeting and the accompanying proxy form to the purchaser or transferee or to the stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

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

LETTER TO SHAREHOLDERS

in relation to

- (1) THE PROPOSED RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS; AND**
- (2) THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE.**

IMPORTANT DATES AND TIMES:

Last date and time for lodgment of Proxy Form	: 5 July 2015 at 2.30 p.m.
Date and time of Annual General Meeting	: 7 July 2015 at 2.30 p.m.
Place of Annual General Meeting	: Canning Room, Level 4, Raffles City Convention Centre, 252 North Bridge Road, Singapore 179103

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DEFINITIONS

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

"2009 AGM"	: The annual general meeting of the Company held on 23 July 2009
"2012 AGM"	: The annual general meeting of the Company held on 12 July 2012
"2014 AGM"	: The annual general meeting of the Company held on 16 July 2014
"2015 AGM"	: The annual general meeting of the Company to be held on 7 July 2015, notice of which is given on pages 185 to 188 of the Annual Report in respect of FY2015
"Annual Report"	: The annual report of the Company
"Articles"	: The Articles of Association of the Company for the time being
"Audit Committee"	: The Audit Committee of the Company
"Average Closing Price"	: The average of the closing market price of a Share over the last five (5) Market Days on which transactions in the Shares on the SGX-ST were recorded
"Board"	: The Board of Directors of the Company
"CAA"	: The Companies (Amendment) Act passed on 8 October 2014
"CDP"	: The Central Depository (Pte) Limited
"Companies Act"	: The Companies Act (Chapter 50 of Singapore)
"Company" or "SMRT"	: SMRT Corporation Ltd
"Director(s)"	: The Director(s) of the Company for the time being
"EPS"	: Earnings per Share
"FY2015"	: The financial year ended 31 March 2015
"Group"	: The Company and its subsidiaries
"Interested Person(s)"	: Any of Temasek and its associates
"Interested Person Transactions"	: Transactions entered into between the SMRT EAR Group and the Interested Persons
"IPT Limit"	: The threshold limit equivalent to 3% of the latest audited consolidated NTA of the SMRT EAR Group for transactions with the Interested Persons
"IPT Mandate"	: The Shareholders' mandate for Interested Person Transactions approved at the extraordinary general meeting of the Company held on 17 July 2003, which was subsequently amended at the 2009 AGM and 2012 AGM, and last renewed at the 2014 AGM
"Joint Ventures"	: Joint ventures and similar forms of mutual collaboration or participation, such as joint investments, co-operation arrangements and shareholders' agreements
"Latest Practicable Date"	: The latest practicable date prior to the printing of this Letter, being 4 May 2015
"Letter to Shareholders 2014"	: The letter to Shareholders dated 17 June 2014 in relation to the proposed renewal of the IPT Mandate, the proposed renewal of the Share Purchase Mandate, the proposed adoption of The SMRT Corporation Performance Share Plan 2014 and the proposed adoption of The SMRT Corporation Restricted Share Plan 2014
"Listing Manual"	: The listing manual of the SGX-ST
"LRT"	: Light Rapid Transit
"Market Day"	: A day on which the SGX-ST is open for trading in securities
"Maximum Price"	: The maximum purchase price (excluding brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) to be paid for Shares purchased or acquired pursuant to the Share Purchase Mandate, calculated on the basis set out in paragraph 3.3(d) of this Letter
"Memorandum"	: The Memorandum of Association of the Company
"MRT"	: Mass Rapid Transit

"Notice"	: Notice of a general meeting of the Company
"NTA"	: Net tangible assets
"Off-Market Purchase"	: An off-market purchase of Shares, otherwise than on the SGX-ST, effected in accordance with an equal access scheme or schemes in accordance with Section 76C of the Companies Act
"On-Market Purchase"	: An on-market purchase of Shares, transacted through the SGX-ST's trading system
"Permitted Persons"	: Temasek and/or such person or persons approved by the Minister for Transport (or its successor authority authorised to regulate the operations of the Company under the relevant legislation (including the Rapid Transit Systems Act (Chapter 263A of Singapore) and the Public Transport Council Act (Chapter 259B of Singapore)) as may be amended or re-enacted)
"Prescribed Limit"	: The number of Shares representing 10% of the total number of Shares (excluding any Shares which are held as treasury shares)
"Relevant Period"	: The period commencing from the date on which the last annual general meeting of the Company was held (or, when the CAA comes into force, the date of the 2015 AGM being the date on which the Share Purchase Mandate is passed, if approved by Shareholders) and expiring on the date the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier, after the date the resolution relating to the Share Purchase Mandate is passed
"Securities Account"	: Securities accounts maintained by depositors with CDP, but not including securities accounts maintained with a depository agent
"SGX-ST"	: Singapore Exchange Securities Trading Limited
"Share Purchase Mandate"	: The general and unconditional mandate given by Shareholders to authorise the Directors to purchase or otherwise acquire Shares in accordance with the terms set out in this Letter
"Shareholders"	: Registered holders for the time being of Shares, except that where the registered holder is CDP, the term "Shareholders" shall, where the context admits, mean the depositors whose Securities Account are credited with Shares
"Shares"	: Issued ordinary shares in the capital of the Company
"SMRT EAR Group"	: Comprises (a) SMRT; (b) subsidiaries of SMRT (other than a subsidiary that is listed on the SGX-ST or an approved exchange); and (c) associated companies of SMRT (other than an associated company that is listed on the SGX-ST or an approved exchange) over which the Group, or the Group and its Interested Persons, has or have control
"Takeover Code"	: The Singapore Code on Take-overs and Mergers
"Temasek"	: Temasek Holdings (Private) Limited
"S\$" and "cents"	: Singapore dollars and cents, respectively
"%" or "per cent"	: Per centum or percentage

The terms **"depositor"**, **"Depository Register"** and **"depository agent"** shall have the meanings ascribed to them respectively in Section 130A of the Companies Act in force as at the Latest Practicable Date.

The terms **"controlling shareholder"**, **"entity at risk"**, **"interested person"** and **"interested person transactions"** shall have the meanings ascribed to them respectively in the Listing Manual.

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

Any reference in this Letter to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and not otherwise defined in this Letter shall have the same meaning assigned to it under the Companies Act or any statutory modification thereof, as the case may be. Save as otherwise stated, summaries of the provisions of any laws and regulations (including the Takeover Code and Listing Manual) contained in this Letter are of such laws and regulations (including the Takeover Code and Listing Manual) in force as at the Latest Practicable Date.

Any reference to a time of day in this Letter is made by reference to Singapore time unless otherwise stated.

Any discrepancies in this Letter between the listed amounts and the totals thereof and/or the respective percentages are due to rounding.

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

Board of Directors

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

Registered Office
251 North Bridge Road
Singapore 179102

17 June 2015

To: The Shareholders of SMRT Corporation Ltd

Dear Sir/Madam

1. INTRODUCTION

- 1.1 The purpose of this Letter is to provide Shareholders with the relevant information relating to, and to seek Shareholders' approval at the 2015 AGM for:
 - (a) the proposed renewal of the IPT Mandate; and
 - (b) the proposed renewal of the Share Purchase Mandate,as further explained in paragraphs 2 and 3 of this Letter.
- 1.2 If you are in any doubt as to the contents herein or as to the course of action that you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.
- 1.3 The SGX-ST takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Letter.

2. THE PROPOSED RENEWAL OF THE IPT MANDATE

2.1 Background

Resolution No. 11 in the Notice of the 2015 AGM relates to a proposed renewal of the IPT Mandate to authorise the SMRT EAR Group, being "entities at risk" within the meaning of Chapter 9 of the Listing Manual, to enter, in the ordinary course of business, into any of the mandated transactions with the Interested Persons, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such transactions. The IPT Mandate was approved at an extraordinary general meeting of the Company held on 17 July 2003 which was subsequently amended at the 2009 AGM and 2012 AGM and last renewed at the 2014 AGM. The IPT Mandate will continue to be in force until the conclusion of the 2015 AGM. The Company anticipates that the SMRT EAR Group will continue to enter into Interested Person Transactions from time to time in the ordinary course of its business. The purpose of this Letter is to provide Shareholders with information pertaining to the IPT Mandate.

General information on the rules of the Listing Manual relating to interested person transactions, including the meanings of terms such as "associate", "entity at risk", "interested person" and "interested person transaction" used in Chapter 9 of the Listing Manual is set out in Appendix I of this Letter.

The rationale for the IPT Mandate, the scope of the IPT Mandate, the benefits of the IPT Mandate, the classes of Interested Persons, the categories of Interested Person Transactions and the review procedures for Interested Person Transactions in respect of which the IPT Mandate is sought to be renewed remain unchanged and are set out in Appendix II to this Letter.

2.2 Validity Period of the IPT Mandate

The IPT Mandate will take effect from the date of receipt of Shareholders' approval, and will (unless revoked or varied by the Company in a general meeting) continue to be in force until the conclusion of the next annual general meeting of the Company and will apply to Interested Person Transactions entered into from the date of receipt of Shareholders' approval. Approval from Shareholders will be sought for the renewal of the IPT Mandate at each subsequent annual general meeting, subject to review by the Audit Committee of its continued application to the Interested Person Transactions.

If the Audit Committee is of the view that the review procedures under the IPT Mandate are not sufficient to ensure that the Interested Person Transactions (a) are transacted on normal commercial terms; and (b) will not be prejudicial to the interests of the Company and its minority Shareholders, it will, in consultation with the Board, take such action as it deems proper in respect of such procedures and/or modify or implement such procedures as may be necessary and direct the Company to revert to Shareholders for a fresh mandate based on new guidelines and procedures for Interested Person Transactions.

2.3 Disclosure

Pursuant to Chapter 9 of the Listing Manual, the Company will disclose in its Annual Report, the IPT Mandate and the aggregate value of the interested person transactions entered into during the financial year under review, including those entered into under the IPT Mandate, and in the Annual Reports for the subsequent financial years during which the IPT Mandate is in force. In addition, the Company will announce the aggregate value of the interested person transactions entered into for the financial periods which it is required to report on pursuant to Rule 705 of the Listing Manual within the time required for the announcement of such report. These disclosures will be in the form set out in Rule 907 of the Listing Manual.

2.4 Audit Committee's Statement

The Audit Committee of the Company, comprising Messrs Bob Tan Beng Hai, Peter Tan Boon Heng, Yap Chee Meng and Yap Kim Wah, confirms that the methods or procedures for determining the transaction prices of the Interested Person Transactions, as set out in paragraph 6 of Appendix II to this Letter, have not changed since they were last approved by Shareholders at the 2014 AGM, and that such methods or procedures are sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

3. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

3.1 The Existing Share Purchase Mandate

At the 2014 AGM, the Shareholders had approved, *inter alia*, the renewal of the Share Purchase Mandate to enable the Company to purchase or otherwise acquire Shares as permitted under and in accordance with the provisions of the Companies Act. The authority and limitations on the Share Purchase Mandate were set out in Resolution No. 10 in the Notice of the 2014 AGM and paragraph 3.3 of the Letter to Shareholders 2014.

The Share Purchase Mandate was expressed to take effect on the date of the passing of Resolution No. 10 at the 2014 AGM and to continue in force until the earliest of (a) the date on which the 2015 AGM is held or required by law to be held; (b) the date on which the authority conferred by the 2014 AGM was varied or revoked by Shareholders in a general meeting; or (c) the date on which the share purchases or acquisitions pursuant to the Share Purchase Mandate were carried out to the full extent mandated.

As the Share Purchase Mandate granted at the 2014 AGM is due to expire on 7 July 2015, being the date of the 2015 AGM, the Directors will be seeking Shareholders' approval for the proposed renewal of the Share Purchase Mandate at the 2015 AGM.

3.2 Rationale for the Share Purchase Mandate

The Share Purchase Mandate will give the Company the flexibility to undertake purchases or acquisitions of its Shares up to the 5% limit described in paragraph 3.3 below at any time during the period when the Share Purchase Mandate is in force. The Share Purchase Mandate will enable the Company to undertake purchases or acquisitions of its Shares and to hold such purchased or acquired Shares in treasury if it decides to do so. Treasury shares may be used in the manner provided by the Companies Act. Details on the use of treasury shares are set out in paragraph 3.4 of this Letter.

The Share Purchase Mandate will also allow the Directors greater flexibility over the Company's share capital structure and dividend policy with a view to enhancing the EPS and/or the NTA per Share and cash reserves, and provide the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements, in an expedient and cost-efficient manner, where necessary.

The Directors, when approving any share purchase or acquisition pursuant to the Share Purchase Mandate, will take into account the impact the share purchases or acquisitions may have on the liquidity of the Shares. The Directors are committed to ensuring that any share purchase or acquisition by the Company will not have a material adverse impact on the free float or the liquidity of the Shares. Shareholders can be assured that the purchases or acquisitions of Shares by the Company will only be made in circumstances where it is considered to be in the best interests of the Company. Further, the Directors do not propose to carry out purchases or acquisitions to such an extent that would, or in circumstances that might, result in a material adverse effect on the financial condition of the Company or of the Group, or result in the Company being delisted from the SGX-ST.

3.3 Limits on the Share Purchase Mandate

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the Share Purchase Mandate, if renewed at the 2015 AGM, are the same as previously approved by Shareholders at the 2014 AGM, and are summarised below for the benefit of Shareholders:

(a) Maximum number of Shares

The total number of Shares which may be purchased or acquired pursuant to the Share Purchase Mandate shall not exceed 5% of the total number of Shares as at the date of the last annual general meeting of the Company held before the resolution authorising the Share Purchase Mandate is passed or as at the date the resolution authorising the Share Purchase Mandate is passed, whichever is the higher (or, when the CAA comes into force, the date of the 2015 AGM at which the resolution authorising the Share Purchase Mandate is passed). If the Company has, at any time during the Relevant Period, reduced its share capital by a special resolution under Section 78C of the Companies Act, or the court has, at any time during the Relevant Period, made an order under Section 78I confirming the reduction of share capital of the Company, the total number of Shares shall be taken to be the total number of Shares as altered by the special resolution of the Company or the order of the court, as the case may be. Any Shares which are held as treasury shares will be disregarded for the purpose of computing the 5% limit.

For illustrative purposes only, based on 1,522,138,046 Shares (excluding treasury shares) in issue as at the Latest Practicable Date, and assuming that no further Shares are issued on or prior to the date of the 2015 AGM, not more than 76,106,902 Shares (representing 5% of the Shares in issue as at the Latest Practicable Date) may be bought by the Company pursuant to the proposed Share Purchase Mandate during the period referred to in paragraph 3.3(b) below.

(b) Duration of Authority

Purchases or acquisitions of Shares may be made at any time and from time to time, on and from the date of the 2015 AGM at which the Share Purchase Mandate is approved up to the earliest of:

- (i) the date on which the next annual general meeting of the Company is held or required by law to be held;
- (ii) the date on which the authority conferred by the Share Purchase Mandate is varied or revoked by Shareholders in a general meeting; or
- (iii) the date on which purchases or acquisitions of Shares pursuant to the Share Purchase Mandate have been carried out to the full extent mandated.

The Share Purchase Mandate may be renewed at each annual general meeting or other general meeting of the Company.

(c) Manner of Purchase or Acquisition

Purchases or acquisitions of Shares may be made by way of an On-Market Purchase and/or an Off-Market Purchase. In an Off-Market Purchase, the Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual, the Memorandum and Articles and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes.

Under the Companies Act, an equal access scheme must satisfy all the following conditions:

- (i) offers under the scheme for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and

- (iii) the terms of all the offers shall be the same, except that there shall be disregarded:
 - (A) differences in consideration attributable to the fact that the offers relate to Shares with different accrued dividend entitlements;
 - (B) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and
 - (C) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, under the Listing Manual, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders containing at least the following information:

- (i) the terms and conditions of the offer;
 - (ii) the period and procedures for acceptances;
 - (iii) the reasons for the proposed purchase or acquisition of Shares;
 - (iv) the consequences, if any, of the purchases or acquisitions of Shares by the Company that will arise under the Takeover Code or other applicable take-over rules;
 - (v) whether the purchases or acquisitions of Shares, if made, could affect the listing of the Shares on the SGX-ST;
 - (vi) details of any purchases or acquisitions of Shares made by the Company in the previous 12 months (whether by way of On-Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
 - (vii) whether the Shares purchased or acquired by the Company will be cancelled or kept as treasury shares.
- (d) **Maximum Purchase Price**
 The Maximum Price is as set out below:
- (i) in the case of an On-Market Purchase, 105% of the Average Closing Price immediately preceding the date of share purchase or acquisition by the Company and deemed to be adjusted in accordance with the rules of the Listing Manual for any corporate actions occurring after the relevant 5-day period; and
 - (ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price immediately preceding the date on which the Company announces its intention to make an offer to purchase Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

3.4 Status of Purchased or Acquired Shares

Any Share, unless held by the Company as a treasury share, is deemed cancelled immediately upon purchase or acquisition and all rights and privileges attached to that Share will expire on cancellation. All cancelled Shares will be automatically delisted by the SGX-ST, and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition. Accordingly, the total number of issued Shares will be reduced by the number of Shares purchased or acquired which are cancelled and not held as treasury shares.

Any Share which is purchased or acquired by the Company may be held or dealt with as treasury shares. Under the Companies Act, the number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares. The Company shall be registered as a member in respect of the treasury shares but the Company shall not have the right to attend or vote at meetings or to receive dividends or other distribution in respect of such treasury shares.

However, the allotment of Shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a smaller amount (or when the CAA comes into force, a greater or smaller number) is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before the subdivision or consolidation, as the case may be.

Under the Companies Act, where Shares are held by the Company as treasury shares, the Company may at any time:

- (a) sell the treasury shares (or any of them) for cash;
- (b) transfer the treasury shares (or any of them) for the purposes of or pursuant to an employees' share scheme (or when the CAA comes into force, for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons);
- (c) transfer the treasury shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the treasury shares (or any of them); or
- (e) sell, transfer or use the treasury shares for such other purposes as the Minister for Finance may by order prescribe.

3.5 Source of Funds

The Companies Act permits the Company to purchase or acquire its own Shares out of capital, as well as profits. The Company intends to use its internal sources of funds and/or external borrowings to finance the purchase or acquisition of Shares. The Directors do not propose to exercise the Share Purchase Mandate in a manner and to such extent that it would materially affect the working capital requirements of the Group.

Under the Companies Act, any purchase or acquisition of Shares by the Company shall be made out of the Company's capital or profits, so long as the Company is solvent.

For this purpose, under the Companies Act, the Company is "solvent" if:

- (a) the Company is able to pay its debts in full at the time it purchases or acquires the Shares and will be able to pay its debts as they fall due in the normal course of business during the period of twelve (12) months immediately following the purchase or acquisition of the Shares; or
- (b) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities), and will not after the proposed purchase or acquisition of Shares, become less than the value of its liabilities (including contingent liabilities), having regard to the most recent financial statements of the Company and all other circumstances that the Directors or managers of the Company know or ought to know affect, or may affect, the value of the Company's assets and the value of the Company's liabilities (including contingent liabilities).

After the CAA comes into force, the conditions set out in (a) and (b) of the immediately preceding paragraph for determining that the Company is "solvent" will be replaced by the following:

- (a) there is no ground on which the Company could be found to be unable to pay its debts;
- (b) if it is intended to commence winding up of the Company within the period of twelve (12) months immediately after the date of the payment, the Company will be able to pay its debts in full within the period of twelve (12) months after the date of commencement of the winding up or if it is not intended so to commence winding up, the Company will be able to pay its debts as they fall due during the period of twelve (12) months immediately after the date of the payment; and
- (c) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the proposed purchase or acquisition, become less than the value of its liabilities (including contingent liabilities).

3.6 Financial Effects

The financial effects on the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on, inter alia, the aggregate number of Shares purchased or acquired, the consideration paid at the relevant time, the amount (if any) borrowed by the Group to fund the purchases or acquisitions, whether the Shares are purchased out of capital or profits of the Company and whether the Shares purchased or acquired are held in treasury or cancelled.

(a) Purchase or Acquisition out of Profits or Capital

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

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

(b) Maximum Price Paid for Purchase or Acquisition of Shares

Assuming that the Company purchases or acquires the maximum of 76,106,902 Shares at the Maximum Price, the maximum amount of funds required (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is:

- (i) in the case of On-Market Purchase of the Shares, approximately S\$133,853,014 based on S\$1.7588 for each Share (being the price equivalent to 5% above the Average Closing Price immediately preceding the Latest Practicable Date); and
- (ii) in the case of Off-Market Purchase of the Shares, approximately S\$152,974,873 based on S\$2.0100 for each Share (being the price equivalent to 20% above the Average Closing Price immediately preceding the Latest Practicable Date).

(c) Whether the Shares are Cancelled or Held in Treasury

In the case where the Company chooses not to hold the purchased or acquired Shares in treasury, such Shares shall be cancelled. The Company shall:

- (i) reduce the amount of its share capital where the Shares were purchased or acquired out of the capital of the Company;
- (ii) reduce the amount of its profits where the Shares were purchased or acquired out of the profits of the Company; or
- (iii) reduce the amount of its share capital and profits proportionately where the Shares were purchased or acquired out of both the capital and the profits of the Company,

by the total amount of the purchase price paid by the Company for the Shares cancelled (including, after the CAA comes into force, any expenses (including brokerage or commission) incurred in the purchase or acquisition of the Shares which is paid out of the Company's capital or profits). Where the purchased or acquired Shares are held in treasury, the total number of issued shares of the Company will remain unchanged.

(d) Illustrative Financial Effects

For illustrative purposes, on the basis of the assumptions set out above, and the following:

- (i) the Share Purchase Mandate had been effective on 1 April 2014;
- (ii) the Company had purchased the maximum of 76,106,902 Shares representing 5% of the total number of Shares as at the Latest Practicable Date, on 1 April 2014;
- (iii) there were no issuance of Shares after the Latest Practicable Date; and
- (iv) the consideration for the purchase or acquisition of the Shares is funded by internal funds after allowing for working capital,

the financial effects of the purchase or acquisition of the maximum 76,106,902 Shares by the Company on the audited financial statements of the Group for FY2015 are as follows:

(A) **On-Market Purchase and Off-Market Purchase of up to 5% of the Shares made out of capital and profits, and held as treasury shares**

	Group		
	Before Share Purchase ⁶ \$'000	After On-Market Purchase \$'000	After Off-Market Purchase \$'000
As at 31 March 2015			
Share capital	169,143	169,143	169,143
Reserves	9,145	9,145	9,145
Accumulated profits	681,228	679,390	679,127
	859,516	857,678	857,415
Non-controlling interest	(638)	(638)	(638)
Treasury shares	-	(133,853)	(152,975)
Shareholders' funds ¹	858,878	723,187	703,802
NTA ²	845,264	709,573	690,188
Current assets	404,718	402,503	402,187
Current liabilities	639,913	639,536	639,483
Working capital	(235,195)	(237,033)	(237,296)
Total borrowings	821,605	955,458	974,580
Number of Shares ('000) ³	1,522,138	1,446,031	1,446,031
Weighted average number of Shares ('000)	1,521,981	1,445,874	1,445,874
Financial Ratios			
NTA per Share (cents)	55.5	49.1	47.7
Annualised return on equity (%)	11.0	11.7	11.8
Basic earnings per Share (cents)	6.0	6.2	6.2
Gearing ratio (times) ⁴	0.96	1.32	1.38
Current ratio (times) ⁵	0.63	0.63	0.63

Notes:

1. The funds used for effecting the share purchases are taken from capital (40%) and out of accumulated profits (60%).
2. NTA equals net assets less goodwill on consolidation.
3. Excludes 76,106,902 Shares held in treasury after the share purchases and is computed based on 1,522,138,046 Shares in issue as at the Latest Practicable Date.
4. Gearing ratio equals total borrowings divided by Shareholders' funds.
5. Current ratio equals current assets divided by current liabilities.
6. Based on audited financial statements for FY2015 adjusted for Nil Shares issued between 31 March 2015 and the Latest Practicable Date.

As illustrated above, the purchase or acquisition of Shares made out of capital and profits of the Company and held as treasury shares would have the effect of reducing the working capital and NTA of the Group. The consolidated NTA per Share of the Group as at 31 March 2015 would decrease from 55.5 cents to 49.1 cents in the case of an On-Market Purchase and to 47.7 cents in the case of an Off-Market Purchase.

However, the consolidated basic EPS of the Group for FY2015 would increase from 6.0 cents to 6.2 cents per Share in the case of both an On-Market Purchase and an Off-Market Purchase.

(B) **On-Market Purchase and Off-Market Purchase of up to 5% of the Shares made entirely out of profits, and held as treasury shares**

	Group		
	Before Share Purchase ⁵ \$'000	After On-Market Purchase \$'000	After Off-Market Purchase \$'000
As at 31 March 2015			
Share capital	169,143	169,143	169,143
Reserves	9,145	9,145	9,145
Accumulated profits	681,228	679,390	679,127
	859,516	857,678	857,415
Non-controlling interest	(638)	(638)	(638)
Treasury shares	-	(133,853)	(152,975)
Shareholders' funds	858,878	723,187	703,802
NTA ¹	845,264	709,573	690,188
Current assets	404,718	402,503	402,187
Current liabilities	639,913	639,536	639,483
Working capital	(235,195)	(237,033)	(237,296)
Total borrowings	821,605	955,458	974,580
Number of Shares ('000) ²	1,522,138	1,446,031	1,446,031
Weighted average number of Shares ('000)	1,521,981	1,445,874	1,445,874
Financial Ratios			
NTA per Share (cents)	55.5	49.1	47.7
Annualised return on equity (%)	11.0	11.7	11.8
Basic earnings per Share (cents)	6.0	6.2	6.2
Gearing ratio (times) ³	0.96	1.32	1.38
Current ratio (times) ⁴	0.63	0.63	0.63

Notes:

1. NTA equals net assets less goodwill on consolidation.
2. Excludes 76,106,902 Shares held in treasury after the share purchases and is computed based on 1,522,138,046 Shares in issue as at the Latest Practicable Date.
3. Gearing ratio equals total borrowings divided by Shareholders' funds.
4. Current ratio equals current assets divided by current liabilities.
5. Based on audited financial statements for FY2015 adjusted for Nil Shares issued between 31 March 2015 and the Latest Practicable Date.

As illustrated above, the purchase or acquisition of Shares made entirely out of the profits of the Company and held as treasury shares would have the effect of reducing the working capital and NTA of the Group. The consolidated NTA per Share of the Group as at 31 March 2015 would decrease from 55.5 cents to 49.1 cents in the case of an On-Market Purchase and to 47.7 cents in the case of an Off-Market Purchase.

However, the consolidated basic EPS of the Group for FY2015 would increase from 6.0 cents to 6.2 cents per Share in the case of both an On-Market Purchase and an Off-Market Purchase.

(C) On-Market Purchase and Off-Market Purchase of up to 5% of the Shares made out of capital and profits, and cancelled

	Group		
	Before Share Purchase ⁶ \$'000	After On-Market Purchase \$'000	After Off-Market Purchase \$'000
As at 31 March 2015			
Share capital	169,143	115,602	107,953
Reserves	9,145	9,145	9,145
Accumulated profits	681,228	599,078	587,342
	859,516	723,825	704,440
Non-controlling interest	(638)	(638)	(638)
Treasury shares	-	-	-
Shareholders' funds ¹	858,878	723,187	703,802
NTA ²	845,264	709,573	690,188
Current assets	404,718	402,503	402,187
Current liabilities	639,913	639,536	639,483
Working capital	(235,195)	(237,033)	(237,296)
Total borrowings	821,605	955,458	974,580
Number of Shares ('000) ³	1,522,138	1,446,031	1,446,031
Weighted average number of Shares ('000)	1,521,981	1,445,874	1,445,874
Financial Ratios			
NTA per Share (cents)	55.5	49.1	47.7
Annualised return on equity (%)	11.0	11.7	11.8
Basic earnings per Share (cents)	6.0	6.2	6.2
Gearing ratio (times) ⁴	0.96	1.32	1.38
Current ratio (times) ⁵	0.63	0.63	0.63

Notes:

1. The funds used for effecting the share purchases are taken from capital (40%) and out of accumulated profits (60%).
2. NTA equals net assets less goodwill on consolidation.
3. Excludes 76,106,902 Shares which are cancelled after the share purchases and is computed based on 1,522,138,046 Shares in issue as at the Latest Practicable Date.
4. Gearing ratio equals total borrowings divided by Shareholders' funds.
5. Current ratio equals current assets divided by current liabilities.
6. Based on audited financial statements for FY2015 adjusted for Nil Shares issued between 31 March 2015 and the Latest Practicable Date.

As illustrated above, the purchase or acquisition of Shares made out of capital and profits of the Company and the cancellation of such purchased Shares would have the effect of reducing the working capital and NTA of the Group. The consolidated NTA per Share of the Group as at 31 March 2015 would decrease from 55.5 cents to 49.1 cents in the case of an On-Market Purchase and to 47.7 cents in the case of an Off-Market Purchase.

However, the consolidated basic EPS of the Group for FY2015 would increase from 6.0 cents to 6.2 cents per Share in the case of both an On-Market Purchase and an Off-Market Purchase.

(D) On-Market Purchase and Off-Market Purchase of up to 5% of the Shares made entirely out of profits, and cancelled

	Group		
	Before Share Purchase ⁵ \$'000	After On-Market Purchase \$'000	After Off-Market Purchase \$'000
As at 31 March 2015			
Share capital	169,143	169,143	169,143
Reserves	9,145	9,145	9,145
Accumulated profits	681,228	545,537	526,152
	859,516	723,825	704,440
Non-controlling interest	(638)	(638)	(638)
Treasury shares	-	-	-
Shareholders' funds	858,878	723,187	703,802
NTA ¹	845,264	709,573	690,188
Current assets	404,718	402,503	402,187
Current liabilities	639,913	639,536	639,483
Working capital	(235,195)	(237,033)	(237,296)
Total borrowings	821,605	955,458	974,580
Number of Shares ('000) ²	1,522,138	1,446,031	1,446,031
Weighted average number of Shares ('000)	1,521,981	1,445,874	1,445,874
Financial Ratios			
NTA per Share (cents)	55.5	49.1	47.7
Annualised return on equity (%)	11.0	11.7	11.8
Basic earnings per Share (cents)	6.0	6.2	6.2
Gearing ratio (times) ³	0.96	1.32	1.38
Current ratio (times) ⁴	0.63	0.63	0.63

Notes:

1. NTA equals net assets less goodwill on consolidation.
2. Excludes 76,106,902 Shares which are cancelled after the share purchases and is computed based on 1,522,138,046 Shares in issue as at the Latest Practicable Date.
3. Gearing ratio equals total borrowings divided by Shareholders' funds.
4. Current ratio equals current assets divided by current liabilities.
5. Based on audited financial statements for FY2015 adjusted for Nil Shares issued between 31 March 2015 and the Latest Practicable Date.

As illustrated above, the purchase or acquisition of Shares made entirely out of profits of the Company and the cancellation of such purchased Shares would have the effect of reducing the working capital and NTA of the Group. The consolidated NTA per Share of the Group as at 31 March 2015 would decrease from 55.5 cents to 49.1 cents in the case of an On-Market Purchase and to 47.7 cents in the case of an Off-Market Purchase.

However, the consolidated basic EPS of the Group for FY2015 would increase from 6.0 cents to 6.2 cents per Share in the case of both an On-Market Purchase and an Off-Market Purchase.

Shareholders should note that the financial effects set out above, based on the respective aforementioned assumptions, are purely for illustration purposes only. In particular, it is important to note that the above analysis is based on historical audited FY2015 numbers, and is not necessarily representative of future financial performance. In addition, the actual impact will depend on (a) the actual number and price of Shares to be purchased or acquired by the Company; and (b) whether the purchase or acquisition of Shares is financed by internal sources of funds and/or external borrowings.

Although the Share Purchase Mandate would authorise the Company to purchase or acquire up to 5% of the total number of issued Shares (excluding treasury shares), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 5% of the total number of issued Shares (excluding treasury shares). The Company may also cancel or hold in treasury all or part of the Shares purchased or acquired.

3.7 Listing Status of the Shares

The Listing Manual requires a listed company to ensure that at least 10% of the listed company's total number of issued shares (excluding treasury shares) in a class that is listed must be held by public shareholders. The "public", as defined under the Listing Manual, are persons other than the directors, chief executive officer, substantial shareholders or controlling shareholders of the Company or its subsidiaries, as well as the associates (as defined in the Listing Manual) of such persons.

Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders maintained by the Company as at the Latest Practicable Date, the directors of the Group and their associates have in aggregate, direct and deemed interests in approximately 0.05% of the Shares. Temasek, the substantial Shareholder of the Company, has in aggregate, direct and deemed interests in approximately 54.67% of the Shares.

As at the Latest Practicable Date, there are 689,257,777 Shares in the hands of public Shareholders, representing approximately 45.28% of the issued share capital of the Company. Assuming the Company exercises the Share Purchase Mandate in full and purchases 5% of the Shares of the Company from the public, the number of Shares in the hands of the public would be reduced to approximately 613,150,875 Shares, representing approximately 42.40% of the Shares of the Company.

Accordingly, the Company is of the view that there is a sufficient number of Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares up to the full 5% limit pursuant to the proposed Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST.

In undertaking any purchases or acquisitions of its Shares, the Directors will use their best efforts to ensure that, notwithstanding such purchases, a sufficient float in the hands of the public will be maintained so that the purchases or acquisitions of Shares will not adversely affect the listing status of the Shares on the SGX-ST, cause market illiquidity or adversely affect the orderly trading of the Shares.

3.8 Listing Rules

The Listing Manual specifies that a listed company shall notify the SGX-ST of all purchases or acquisitions of its shares no later than 9.00 a.m. (a) in the case of an On-Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares; and (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptance of the offer for the Off-Market Purchase. The notification of such share purchase to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe, such as details of the total number of shares purchased, and the purchase price per share or the highest and lowest prices paid for such shares, as applicable.

While the rules of the Listing Manual do not expressly prohibit the purchase or acquisition of shares by a listed company during any particular time or times, because the listed company would be considered an "insider" in relation to any purchase or acquisition of its shares, the Company will not purchase or acquire any Shares pursuant to the Share Purchase Mandate after a price sensitive development has occurred or has been the subject of a consideration and/or a decision of the Board until such time as the price sensitive information has been publicly announced. In particular, in line with Rule 1207(19)(c) of the Listing Manual, the Company will not purchase or acquire any Shares during the period commencing one (1) month immediately preceding the announcement of the Company's full-year results and the period of two (2) weeks immediately preceding the announcement of its first, second and third quarter results.

3.9 Shareholding Limits

As prescribed by the Articles, any single Shareholder or related group of Shareholders (other than the Permitted Persons) may only have an interest in Shares up to the Prescribed Limit.

Other than the Permitted Persons, no Shareholder holds 5% or more of the issued Shares.

The Articles empower the Directors, if it shall come to their notice that the interest of any person or related group of persons (other than the Permitted Persons) in the Shares has reached or exceeded the Prescribed Limit, to require the affected person or persons to dispose of the affected Shares within 21 days of the giving of the notice requiring such disposal (or such longer period as the Directors consider reasonable) to a person qualified to have an interest in such Shares.

The Company wishes to draw the attention of the Shareholders to the following consequences of a purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate, if the proposed renewal of the Share Purchase Mandate is approved by the Shareholders at the 2015 AGM:

A PURCHASE OR ACQUISITION OF SHARES BY THE COMPANY PURSUANT TO THE SHARE PURCHASE MANDATE MAY INADVERTENTLY CAUSE THE INTEREST IN THE SHARES OF ANY PERSON OR RELATED GROUP OF PERSONS TO REACH OR EXCEED THE PRESCRIBED LIMIT (IN PARTICULAR, A PERSON WHOSE INTEREST IN THE SHARES IS CURRENTLY CLOSE TO THE PRESCRIBED LIMIT). THE DIRECTORS ARE EMPOWERED TO SERVE NOTICE ON SUCH PERSON REQUIRING A DISPOSAL OF THE AFFECTED SHARES WITHIN 21 DAYS OF THE GIVING OF SUCH NOTICE OR SUCH LONGER PERIOD AS THE DIRECTORS CONSIDER REASONABLE TO A PERSON QUALIFIED TO HAVE AN INTEREST IN THE AFFECTED SHARES.

The Company will monitor the purchase or acquisition of Shares pursuant to the Share Purchase Mandate to ensure that the Prescribed Limit will not be exceeded by persons other than the Permitted Persons.

3.10 Takeover Implications Arising from the Takeover Code

Pursuant to Appendix 2 of the Takeover Code (which contains the Share Buy-Back Guidance Note), if, as a result of any purchase or acquisition by the Company of the Shares, the proportionate interest in the voting rights of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Takeover Code. Consequently, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Takeover Code.

Under Rule 14 of the Takeover Code, a Shareholder will incur an obligation to make a mandatory takeover offer if, *inter alia*, he and persons acting in concert with him increase their voting rights in the Company to 30% or more, or if they, together holding between 30% and 50% of the Company's voting rights, increase their voting rights in the Company by more than 1% in any period of six (6) months.

Persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company. Unless the contrary is established, the following persons will be presumed to be acting in concert, namely:

- (a) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights;
- (b) a company with any of its directors (together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts);
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10 per cent. or more of the client's equity share capital;
- (f) directors of a company, together with their close relatives, related trusts and companies controlled by any of the foregoing, which is subject to an offer or where they have reason to believe a *bona fide* offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

A Director and persons acting in concert (as such term is defined in the Takeover Code) with him could, depending on the level of increase in his or their interest in the Company, become obliged to make a mandatory offer in accordance with Rule 14 of the Takeover Code as a result of the Company's purchase of its Shares.

Unless exempted, Directors and persons acting in concert with them will incur an obligation to make a takeover offer under Rule 14 of the Takeover Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or, if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by 1% in any period of six (6) months.

The interests of the Directors and the substantial Shareholder of the Company as at the Latest Practicable Date are set out in paragraph 4 below. Based on the shareholdings of the Directors and the substantial Shareholder of the Company as at the Latest Practicable Date, none of the Directors or the substantial Shareholder will become obligated to make a mandatory offer by reason only of the purchase or acquisition of 76,106,902 Shares by the Company pursuant to the Share Purchase Mandate.

The Directors are not aware of any Shareholder or group of Shareholders acting in concert who may become obligated to make a mandatory offer in the event that the Directors exercise the power to purchase or acquire Shares pursuant to the Share Purchase Mandate.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory takeover offer under the Takeover Code as a result of share purchases by the Company are advised to consult their professional advisers and/or the Securities Industry Council of Singapore and/or other relevant authorities at the earliest opportunity.

3.11 No Previous Purchases or Acquisitions of Shares

The Company has not undertaken any purchase or acquisition of Shares pursuant to the Share Purchase Mandate approved by Shareholders at the 2014 AGM in the last 12 months immediately preceding the Latest Practicable Date.

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDER'S INTERESTS

The interests of the Directors and the substantial Shareholder in the Shares as at the Latest Practicable Date are set out below:

	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	%
Directors				
Koh Yong Guan	50,000	0.00	20,000 ⁽²⁾	0.00 ⁽¹⁾
Desmond Kuek Bak Chye	52,000	0.00	494,000 ⁽³⁾	N.A. ⁽⁴⁾
Patrick Ang Peng Koon	-	-	-	-
Lee Seow Hiang	-	-	-	-
Moliah Hashim	-	-	-	-
Bob Tan Beng Hai	-	-	-	-
Peter Tan Boon Heng	-	-	-	-
Tan Ek Kia	-	-	-	-
Yap Kim Wah	-	-	-	-
Yap Chee Meng	-	-	-	-
Substantial Shareholder				
Temasek Holdings (Private) Limited	824,400,030	54.16	7,756,239 ⁽⁵⁾	0.51 ⁽¹⁾

Notes:

(1) Percentages are based on the total number of Shares (excluding treasury shares) of 1,522,138,046 as at the Latest Practicable Date.

(2) Held by spouse of Mr Koh Yong Guan.

(3) Mr Desmond Kuek Bak Chye is deemed to have an interest in the 494,000 Shares pursuant to the grant of contingent awards to him under The SMRT Corporation Restricted Share Plan and/or The SMRT Corporation Performance Share Plan.

(4) "N.A." means not applicable.

(5) Temasek is deemed to be interested in the 7,756,239 Shares in which its subsidiaries, Fullerton Fund Management Company Ltd and ST Asset Management Ltd, and its associated company, DBS Group Holdings Limited, are deemed to have an interest.

Temasek, a substantial Shareholder of the Company, and its associates, being Interested Persons, will abstain from voting on Resolution No. 11 being the ordinary resolution relating to the proposed IPT Mandate at the 2015 AGM, in respect of any Shares respectively held by them. Temasek will also decline and will procure that its associates decline to accept appointment as proxies for any Shareholder to vote on Resolution No. 11 unless given specific instructions by the Shareholder as to how he wants his votes to be cast in respect of the said resolution.

5. DIRECTORS' RECOMMENDATIONS

5.1 Proposed renewal of the IPT Mandate

The Directors are of the opinion that the entry into the Interested Person Transactions in the ordinary course of its business will be in the best interests of the Company. For the reasons set out in paragraphs 1 and 3 of Appendix II to this Letter, the Directors recommend that Shareholders vote in favour of Resolution No. 11 relating to the proposed renewal of the IPT Mandate at the 2015 AGM.

5.2 Proposed renewal of the Share Purchase Mandate

Taking into consideration the rationale for the Share Purchase Mandate set out in paragraph 3.2, the Directors are of the opinion that the renewal of the Share Purchase Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Resolution No. 12 relating to the proposed renewal of the Share Purchase Mandate at the 2015 AGM.

6. ACTION TO BE TAKEN BY SHAREHOLDERS

6.1 Appointment of Proxies

If a Shareholder is unable to attend the 2015 AGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the proxy form attached to the Notice of the 2015 AGM in accordance with the instructions printed therein as soon as possible and, in any event, so as to reach the office of 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 2015 AGM.

6.2 When Depositor is regarded as Shareholder

A depositor shall not be regarded as a Shareholder entitled to attend the 2015 AGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register, as certified by CDP, at least 48 hours before the 2015 AGM.

7. INSPECTION OF DOCUMENTS

The following documents are available for inspection at the registered office of the Company at 251 North Bridge Road, Singapore 179102 during normal business hours from the date of the Notice of the 2015 AGM up to the date of the 2015 AGM:

- (a) the Annual Report in respect of FY2015; and
- (b) the Memorandum and Articles.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts about the proposed renewal of the IPT Mandate and the proposed renewal of the Share Purchase Mandate, and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading. Where information in this Letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Letter in its proper form and context.

Yours faithfully

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

Desmond Kuek Bak Chye
President and Group Chief Executive Officer

GENERAL INFORMATION RELATING TO CHAPTER 9 OF THE LISTING MANUAL

1. Introduction

Chapter 9 of the Listing Manual governs transactions entered into between a listed company, its subsidiaries or associated companies that are considered to be an entity at risk and the listed company's interested persons. When this Chapter applies to a transaction and the value of that transaction alone or in aggregate with all other transactions conducted with the same interested person during the financial year reaches, or exceeds, certain materiality thresholds, the listed company is required to make an immediate announcement, or make an immediate announcement and seek its shareholders' approval for that transaction.

2. Main Terms used in Chapter 9 of the Listing Manual

"associate"

In relation to any director, chief executive officer, substantial or controlling shareholder (being an individual), an "associate" means (a) his immediate family (that is, spouse, child, adopted child, step-child, sibling and parent); (b) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (c) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more.

In relation to a substantial shareholder or controlling shareholder (being a company), an "associate" means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.

"associated company"

A listed company's "associated company" is a company in which at least 20% but not more than 50% of its shares are held by the listed company or the listed group.

"controlling shareholder"

A "controlling shareholder" of a listed company is a person who:

- (a) holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares in the listed company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or
- (b) in fact exercises control over the listed company.

"approved exchange"

An "approved exchange" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Listing Manual.

"chief executive officer"

"chief executive officer" means the most senior executive officer who is responsible under the immediate authority of the board of directors for the conduct of the business of the listed company.

"control"

"control" means the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company.

"entity at risk"

The term "entity at risk" means (a) the listed company, (b) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange, or (c) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has control over the associated company.

"interested person"

In the case of a company, the term "interested person" means a director, chief executive officer or controlling shareholder of the listed company, or an associate of any such director, chief executive officer or controlling shareholder.

"interested person transaction"

The term "interested person transaction" means a transaction between an entity at risk and an interested person.

"listed group"

The "listed group" means the listed company and its subsidiaries.

3. Materiality Thresholds, Disclosure Requirements and Shareholders' Approval

Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk in relation to its interested person and are hence excluded from the ambit of Chapter 9 of the Listing Manual, immediate announcement and/or shareholders' approval would be required in respect of transactions with interested persons if certain materiality thresholds (which are based on the value of the transaction as compared with the listed company's latest audited consolidated NTA) are reached or exceeded.

Immediate Announcement

An immediate announcement is required where the interested person transaction is of a value equal to, or more than, 3% of the listed group's latest audited consolidated NTA.

Where the aggregate value of all the transactions entered into with the same interested person during the same financial year amounts to 3% or more of the listed group's latest audited consolidated NTA, the listed company must make an immediate announcement of the latest transaction and all future transactions entered into with that same interested person during that financial year.

Shareholders' Approval

Shareholders' approval is required where the interested person transaction is of a value equal to, or more than:

- (a) 5% of the listed group's latest audited consolidated NTA; or
- (b) 5% of the listed group's latest audited consolidated NTA, when aggregated with other transactions entered into with the same interested person during the same financial year.

Based on the latest audited consolidated financial statements of the Group for the financial year ended 31 March 2015, the consolidated NTA of the Group was approximately S\$845.9 million. For the purposes of Chapter 9 of the Listing Manual, in the current financial year and until such time as the consolidated audited financial statements of the Group for the financial year ending 31 March 2016 are published, 5% of the latest audited consolidated NTA of the Group would be approximately S\$42.3 million.

However, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.

The above requirements for immediate announcement and for shareholders' approval do not apply to any transaction below S\$100,000.

4. Exceptions

4.1 Rule 915 of the Listing Manual provides that the following transactions are not required to comply with Rule 905 (which requires a listed company to make an immediate announcement for certain interested person transactions), Rule 906 (which requires a listed company to obtain shareholders' approval for certain interested person transactions) and Rule 907 (which requires a listed company to disclose the aggregate value of interested person transactions entered into during the financial year under review in its annual report) of the Listing Manual:

- (1) A payment of dividends, a subdivision of shares, an issue of securities by way of a bonus issue, a preferential offer, or an off-market acquisition of the listed company's shares, made to all shareholders on a pro-rata basis, including the exercise of rights, options or company warrants granted under the preferential offer.
- (2) The grant of options, and the issue of securities pursuant to the exercise of options, under an employees' share option scheme approved by the SGX-ST.
- (3) A transaction between an entity at risk and an investee company, where the interested person's interest in the investee company, other than that held through the listed company, is less than 5%.
- (4) A transaction in marketable securities carried out in the open market where the counterparty's identity is unknown to the listed company at the time of the transaction.
- (5) A transaction between an entity at risk and an interested person for the provision of goods or services if:
 - (a) the goods or services are sold or rendered based on a fixed or graduated scale, which is publicly quoted; and
 - (b) the sale prices are applied consistently to all customers or class of customers.

Such transactions include telecommunication and postal services, public utility services, and sale of fixed price goods at retail outlets.

- (6) The provision of financial assistance or services by a financial institution that is licensed or approved by the Monetary Authority of Singapore, on normal commercial terms and in the ordinary course of business.
- (7) The receipt of financial assistance or services from a financial institution that is licensed or approved by the Monetary Authority of Singapore, on normal commercial terms and in the ordinary course of business.
- (8) Director's fees and remuneration, and employment remuneration (excluding "golden parachute" payments).

4.2 Rule 916 of the Listing Manual provides that the following transactions are not required to comply with Rule 906 of the Listing Manual (which requires a listed company to obtain shareholders' approval for certain interested person transactions):

- (1) The entering into or renewal of a lease or tenancy of real property of not more than three (3) years if the terms are supported by independent valuation.
- (2) Investment in a joint venture with an interested person if:
 - (a) the risks and rewards are in proportion to the equity of each joint venture partner;
 - (b) the listed company confirms by an announcement that its audit committee is of the view that the risks and rewards of the joint venture are in proportion to the equity of each joint venture partner and the terms of the joint venture are not prejudicial to the interests of the listed company and its minority shareholders; and
 - (c) the interested person does not have an existing equity interest in the joint venture prior to the participation of the entity at risk in the joint venture.
- (3) The provision of a loan to a joint venture with an interested person if:
 - (a) the loan is extended by all joint venture partners in proportion to their equity and on the same terms;
 - (b) the interested person does not have an existing equity interest in the joint venture prior to the participation of the entity at risk in the joint venture; and
 - (c) the listed company confirms by an announcement that its audit committee is of the view that:
 - (i) the provision of the loan is not prejudicial to the interests of the listed company and its minority shareholders; and
 - (ii) the risks and rewards of the joint venture are in proportion to the equity of each joint venture partner and the terms of the joint venture are not prejudicial to the interests of the listed company and its minority shareholders.
- (4) The award of a contract by way of public tender to an interested person if:
 - (a) the awarder entity at risk announces the following information:
 - (i) the prices of all bids submitted;
 - (ii) an explanation of the basis for selection of the winning bid; and
 - (b) both the listed bidder (or if the bidder is unlisted, its listed parent company) and listed awarder (or if the awarder is unlisted, its listed parent company) have boards, the majority of whose directors are different and are not accustomed to act on the instructions of the interested person or its associates and have audit committees whose members are completely different.
- (5) The receipt of a contract which was awarded by way of public tender, by an interested person if:
 - (a) the bidder entity at risk announces the prices of all bids submitted; and
 - (b) both the listed bidder (or if the bidder is unlisted, its listed parent company) and listed awarder (or if the awarder is unlisted, its listed parent company) have boards, the majority of whose directors are different and are not accustomed to act on the instructions of the interested person or its associates and have audit committees whose members are completely different.

5. Shareholders' Mandate

Rule 920(1) of the Listing Manual permits a listed company to seek a general mandate from its shareholders for recurrent transactions with interested persons of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses. A general mandate is subject to annual renewal.

APPENDIX II

IPT MANDATE

1. Rationale for the IPT Mandate

It is envisaged that the SMRT EAR Group will, in the ordinary course of its businesses, enter into the categories of Interested Person Transactions set out in paragraph 5 below. Such transactions may likely occur with some degree of frequency and/or may arise at any time.

Given that the Interested Person Transactions are expected to be recurrent transactions and may occur at any time, and to allow the SMRT EAR Group to undertake such transactions in a more expeditious manner, the obtaining of the IPT Mandate pursuant to Chapter 9 of the Listing Manual will enable the SMRT EAR Group, or any one of them, in the ordinary course of its businesses, to enter into the Interested Person Transactions, provided that such Interested Person Transactions are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

2. Scope of the IPT Mandate

The IPT Mandate will cover a wide range of transactions arising in the normal course of business operations of the SMRT EAR Group, in particular, those relating to its principal activities of providing MRT services, LRT services, bus services as well as rental of taxis, and its ancillary activities which include leasing of commercial spaces, providing sale or lease of advertising space, engaging in operations and maintenance services, project management and engineering consultancy in Singapore and overseas.

In addition, the IPT Mandate covers transactions pertaining to the renewal, upgrading and expansion of the SMRT EAR Group's rail capacity and system, as well as increase of its bus and taxi fleets to meet rising demand, service standards and commuter expectations. This is in connection with SMRT EAR Group's programme for assets renewal, and the upgrade and expansion of its existing public transport operations which will take into account the Singapore government's land transport initiatives to enhance the capacity of the rail network and bus services in Singapore, and plans to review the operating service and/or performance standards for rail, buses and taxis operations. The category of Interested Person Transactions set out in paragraph 5 below is meant for this purpose and is applicable up to the financial year ending 31 March 2021.

It is anticipated that the SMRT EAR Group may, from time to time, in the normal course of its business, enter into or participate in Joint Ventures and related transactions with the Interested Persons to undertake substantive commitments, or for business efficacy, diversification of risk and mutual benefit, particularly in areas of activities that are complementary to, or offer synergy for, the SMRT EAR Group and its Joint Venture partners. The IPT Mandate will not cover any such Joint Venture with any Interested Person. Joint Ventures with the Interested Persons which comply with Rule 916(2) of the Listing Manual (the details of which are described in Appendix I of this Letter) will be exempted from the requirement under Rule 906 of the Listing Manual to obtain Shareholders' approval. In the event that a Joint Venture does not comply with Rule 916(2) of the Listing Manual, the Company will separately seek Shareholders' approval prior to the entry thereof if required to under Rule 906 of the Listing Manual.

The IPT Mandate will not cover any transaction arising from (a) the award of a contract by way of public tender by any company in the SMRT EAR Group to an Interested Person, or (b) the receipt of a contract by any company in the SMRT EAR Group which was awarded by way of public tender by an Interested Person, if it complies with the provisions of Rule 916(4) or Rule 916(5) of the Listing Manual (details of which are described in Appendix I of this Letter), whichever is applicable. Such transaction which complies with the provisions of Rule 916(4) or Rule 916(5) of the Listing Manual, whichever is applicable, is exempted from the requirement under Rule 906 of the Listing Manual to obtain Shareholders' approval.

The IPT Mandate will not cover any transaction by a company in the SMRT EAR Group with an Interested Person that is below S\$100,000 in value, as Rules 905(3) and 906(2) of the Listing Manual provide that the relevant provisions of Chapter 9 of the Listing Manual requiring announcement and Shareholders' approval do not apply to such transaction.

Transactions by the SMRT EAR Group with the Interested Persons that do not fall within the ambit of the IPT Mandate will be subject to the relevant provisions of Chapter 9 and/or other applicable provisions of the Listing Manual.

3. Benefits of the IPT Mandate

The IPT Mandate is intended to facilitate transactions in the ordinary course of business of the SMRT EAR Group that will be transacted from time to time with the Interested Persons, provided that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

The IPT Mandate will eliminate the need for the Company to announce, or to convene separate general meetings, from time to time, to seek Shareholders' approval as and when the need to enter into a specified category of transaction with the Interested Person arises, thereby substantially reducing the administrative time, inconvenience and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the SMRT EAR Group, and enabling companies within the SMRT EAR Group to expeditiously conclude time-sensitive business arrangements with the Interested Persons.

4. Classes of Interested Persons

The IPT Mandate will apply to the categories of Interested Person Transactions (as described in paragraph 5 below) with the following classes of Interested Persons, namely:

- (a) Temasek; and
- (b) the associates of Temasek.

5. Categories of Interested Person Transactions

The Interested Person Transactions relate to the provision to, or obtaining from the Interested Persons of goods and services in the normal course of business of the SMRT EAR Group which are recurrent and of a revenue or trading nature or those which are necessary for its day-to-day operations, and these are set out as follows:

- (a) the leasing or rental of premises (as lessor) for commercial use;
- (b) the provision of car rental, chartered bus and taxi services;
- (c) the selling of advertisement space;
- (d) the provision or sale or procurement of engineering, repair, servicing, technical and other operational goods and services;
- (e) the obtaining, purchase, leasing or rental (as lessor and lessee) of electronic engineering equipment, parts, components, and computer maintenance, software, systems and equipment;
- (f) the obtaining or procurement of communications and all other forms of utility goods and services;
- (g) the procurement of insurance;
- (h) the grant of licences to install, operate and maintain kiosks, machines, standees and telecommunication equipment at MRT and LRT stations;
- (i) the leasing of fibre optic cables;
- (j) the leasing or rental of premises (as lessee) for SMRT EAR Group's own use;
- (k) the provision of training services;
- (l) the obtaining, purchase or leasing (as lessee) of rail and road transportation vehicles or equipment, plant and machinery, power supply equipment, signalling and communication systems, automatic fare collection systems, security systems, computer and IT-related systems, rail operating equipment and other engineering, technical, electronic and electrical equipment, including related materials, components, parts, accessories and spares, for use in the normal course of business relating to the principal activities of the SMRT EAR Group;
- (m) the engagement of cash handling services, cleaning services, property maintenance services, plant, machinery and equipment maintenance services, security services, engineering and technical consultancy services, management consultancy services, marketing and promotional services, central purchasing, financial, treasury, legal, human resource, manpower and other support services; and
- (n) the purchase of any other materials, components, parts, plant equipment, accessories, spares, goods and/or services which are incidental or ancillary to or in connection with the principal operating activities of the SMRT EAR Group.

6. Review Procedures for Interested Person Transactions

In general, the SMRT EAR Group has internal control procedures to ensure that the Interested Person Transactions are undertaken on an arm's length basis and on normal commercial terms consistent with the SMRT EAR Group's usual practices and policies, which (in relation to goods or services to be provided to an Interested Person) are no more favourable to the Interested Person than those extended to unrelated third parties, or (in relation to goods or services to be obtained from an Interested Person) are no less favourable than those extended to the SMRT EAR Group by unrelated third parties.

In particular, the following review procedures will be undertaken:

(a) Provision of Services or Sale of Goods

The review procedures are as follows:

- (i) all contracts entered into or transactions with Interested Persons are to be carried out at the prevailing market rates or prices, on terms which are no more favourable to the Interested Person than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential rates/prices/discounts accorded to a class of customers or for bulk purchases or long-term contracts where the giving of such preferential rates/prices/discounts are commonly practised within the applicable industry and may be extended to unrelated third parties), or otherwise in accordance with applicable industry norms; and
- (ii) where the prevailing market rates or prices are not available due to the nature of the services to be provided or the goods to be sold, the SMRT EAR Group's pricing for such services to be provided or goods to be sold to the Interested Persons is determined in accordance with the SMRT EAR Group's usual business practices and pricing policies, consistent with the usual margin to be obtained by the SMRT EAR Group for the same or substantially similar type of contract or transaction with unrelated third parties. In determining the transaction price payable by the Interested Persons for such goods or services, the senior management of the relevant company of the SMRT EAR Group (who shall not have any interest, direct or indirect, in the transaction) will take into account factors such as, but not limited to, specifications, quantity, volume consumption, customer requirements, duration of contract, and strategic purposes of the transaction.

(b) Obtaining of Services, Leasing of Premises or Purchasing of Goods

All purchases made by the SMRT EAR Group, including purchases from the Interested Persons, are governed by internal control procedures which cover matters such as the constitution of internal approving authorities, their monetary jurisdictions, the number of vendors from whom bids and/or quotes are to be obtained and the review procedures. The guiding principle is to objectively obtain the best goods and/or services on the best terms available for the relevant goods and services. Tender exercises are generally conducted for purchases based on the threshold limit set out in the internal control procedures. Where it is not possible, practicable or appropriate for a tender to be called, authorised approving authority within the SMRT EAR Group, comprising senior management staff (who shall not have any interest, direct or indirect, in the transaction), will determine whether the price and terms offered by the Interested Person are on normal commercial terms.

The review procedures are as follows:

- (i) in general, for the obtaining of services and purchasing of goods, the SMRT EAR Group has an internal policy of calling for tenders or quotations. All contracts entered into or transactions with the Interested Persons are to be carried out by obtaining quotations from at least three (3) suppliers (where possible or available), for similar quantities and/or quality of goods or services, prior to the entry into the contract or transaction with the Interested Person, as basis for comparison to determine whether the price and terms offered are fair and reasonable and are on normal commercial terms.

In the case of the leasing of premises, comparison of rates shall be made taking into account prevailing market rental rates for other properties within the vicinity of similar or comparable standing and facilities, the tenure of the lease, the area of the leased premises and any other factor which may affect the rental rates or terms of the lease; and

- (ii) in the event that competitive quotations cannot be obtained (for instance, when there are no unrelated third party vendors of similar goods or services or if the good or service is proprietary), the senior management staff within the SMRT EAR Group (who shall not have any interest, direct or indirect, in the transaction) will determine whether the price and terms offered by the Interested Person are in accordance with industry norms, and are fair and reasonable based on their business and commercial experience.

In determining whether the price and terms offered by the Interested Person are fair and reasonable, factors such as, but not limited to, specification compliance, track record, skill, experience, quality of service and sales support, delivery schedules, financial standing and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, will be taken into account.

In addition to the review procedures, the IPT Limit will be applied to supplement the internal procedures of the SMRT EAR Group to ensure that transactions are undertaken with the Interested Persons on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

Where the SMRT EAR Group's individual transaction with an Interested Person exceeds the IPT Limit, such transaction must be approved by the Audit Committee prior to its entry. Where the SMRT EAR Group's individual transaction with an Interested Person is equal to or below the IPT Limit and in excess of or equal to S\$100,000, such transaction need not have the prior approval of the Audit Committee, but shall be reviewed on a quarterly basis by the Audit Committee.

A register will be maintained by the Company to record all Interested Person Transactions which are entered into pursuant to the IPT Mandate.

The Company shall, on a quarterly basis, report to the Audit Committee on all Interested Person Transactions entered into with the Interested Persons during the preceding quarter. The Audit Committee shall review such Interested Person Transactions at its quarterly meetings except where such Interested Person Transactions are required under the review procedures to be approved by the Audit Committee prior to the entry thereof.

The Company's annual internal audit plan shall also incorporate a review of all Interested Person Transactions entered into pursuant to the IPT Mandate to ascertain that the relevant approvals have been obtained and the review procedures in respect of such transactions have been complied with, including whether such transactions were carried out on an arm's length basis.

The Audit Committee shall, in conjunction with its review of the Interested Person Transactions and the internal audit report, ascertain whether the established review procedures have been complied with. If, during its review, the Audit Committee is of the view that the review procedures as stated above are not sufficient or have become inappropriate, in view of changes to the nature of, or the manner in which, the business activities of the SMRT EAR Group are conducted, it will take such actions as it deems appropriate and/or institute additional procedures as necessary to ensure that the Interested Person Transactions will be on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders, and the Company will seek a fresh mandate from the Shareholders based on new review procedures for the Interested Person Transactions. In such a case, all Interested Person Transactions will be reviewed and approved by the Audit Committee prior to their entry while the fresh mandate is being sought from the Shareholders.

For purposes of the above review and approval process, any Director who is not considered independent for purposes of the IPT Mandate and/or any Interested Person Transaction will abstain from voting in relation to any respective resolution, and/or abstain from participating in the Audit Committee's decision during its review procedures for the Interested Person Transactions or during its review or approval of any Interested Person Transaction.

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