

## SMRT CORPORATION LTD

(Incorporated in Singapore)  
(Company Reg. No. 200001855H)

### APPENDICES TO THE NOTICE OF ANNUAL GENERAL MEETING OF SMRT CORPORATION LTD (*COMPANY*) DATED 29 JUNE 2009

If you have sold all your ordinary shares in the Company, please forward these Appendices to the purchaser or bank or stockbroker or agent through whom the sale was effected for onward transmission to the purchaser.

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

*The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any statement made, reports contained or opinions expressed in these Appendices.*

#### APPENDIX A –

#### THE PROPOSED MODIFICATIONS TO, AND RENEWAL OF, THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

##### 1. INTRODUCTION

1.1 Proposed Resolution No. 8 in the Notice of the Tenth Annual General Meeting (*10<sup>th</sup> AGM*) relates to the proposed modifications to, and renewal of, a general mandate (*IPT Mandate*) to authorise the Company, its subsidiaries and associated companies that are considered to be “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 specified classes of the Company’s interested persons (*Interested Persons*), provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such transactions. The purpose of this Appendix A is to provide the shareholders of the Company (*Shareholders*) with information pertaining to the IPT Mandate.

1.2 At an Extraordinary General Meeting of the Company held on 17 July 2003, Shareholders approved the IPT Mandate. General information on the listing rules 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 A-1 hereto.

##### 2. PROPOSED MODIFICATIONS TO, AND RENEWAL OF, THE IPT MANDATE

###### 2.1 Existing IPT Mandate

Under Chapter 9 of the Listing Manual, a general mandate for transactions with interested persons is subject to annual renewal. The IPT Mandate was last renewed at the Ninth Annual General Meeting of the Company (*9<sup>th</sup> AGM*) held on 11 July 2008 and will continue to be in force until the conclusion of the *10<sup>th</sup> AGM*.

The interested person transactions (*Interested Person Transactions*) covered by the IPT Mandate that was renewed at the *9<sup>th</sup> AGM* included, *inter alia*:

- (a) the leasing or rental of premises within the Mass Rapid Transit (*MRT*) stations and the Light Rapid Transit (*LRT*) stations for commercial use (*IPT 1*); and
- (b) the provision or procurement of engineering, repair, servicing and technical services (*IPT 2*).

## 2.2 Proposed modifications to and renewal of the IPT Mandate

In addition to renewing the existing IPT Mandate, the Directors are proposing to modify the existing IPT Mandate by:

- (a) specifically categorising the following transaction currently treated as falling within IPT 1 as a separate Interested Person Transaction under the IPT Mandate:

“the grant of licences to install, operate and maintain kiosks, machines, standees and telecommunication equipment at MRT and LRT stations”;

- (b) amending the scope of IPT 2 as follows:

“the provision or sale or procurement of engineering, repair, servicing, technical and other operational goods and services”; and

- (c) inserting the following new transaction as an additional Interested Person Transaction under the IPT Mandate:

“the leasing of fibre optic cables”,

(collectively, the *Additional IPTs*).

The Interested Persons in respect of which the IPT Mandate is sought to be modified remain unchanged.

## 2.3 Background to the proposed modification of the IPT Mandate

The modifications to the IPT Mandate are necessary for the following reasons:

For paragraph 2.2(a) above, the modification is proposed so as to capture the specific nature of such transactions which were previously treated as falling under a general category of Interested Person Transactions relating to the lease and rental of premises within MRT and LRT stations.

For paragraph 2.2(b) above, the modification is proposed because it is envisaged that the SMRT Group would in future not only provide and procure such services, but would also sell such goods to Interested Persons. The scope of such transactions would also expand to include other operational goods and services, and the value of such transactions could amount to S\$100,000 and above.

For paragraph 2.2(c) above, the modification is proposed because it is envisaged that the SMRT Group would in future lease fibre optic cables to Interested Persons and the value of such transactions could amount to S\$100,000 and above.

For the above reasons, the Directors consider it timely and appropriate for the Company to modify the IPT Mandate to include the Additional IPTs.

Accordingly, it is proposed that the IPT Mandate be modified to include the Additional IPTs and renewed at the 10<sup>th</sup> AGM, to take effect until the conclusion of the Eleventh Annual General Meeting of the Company.

### 3. RATIONALE FOR THE IPT MANDATE

It is envisaged that the SMRT Corporation Ltd group of companies (**SMRT Group**) will, in the ordinary course of their businesses, continue to enter into the categories of Interested Person Transactions set out in paragraph 7 below with the Interested Persons set out in paragraph 6 below. Such transactions are likely to occur with some degree of frequency and could arise at any time.

For the purpose of Chapter 9 of the Listing Manual, the SMRT Group comprises:

- (a) SMRT Corporation Ltd (**SMRT** or **Company**);
- (b) subsidiaries of SMRT (other than a subsidiary that is listed on the Singapore Exchange Securities Trading Limited (**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 SMRT Group, or the SMRT Group and Interested Person(s) of SMRT Group, has or have control.

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

### 4. SCOPE OF THE IPT MANDATE

- 4.1 The IPT Mandate (which will include the Additional IPTs) will cover a wide range of transactions arising in the normal course of business operations of the SMRT Group, in particular, those relating to its principal activities of operating the MRT and the Bukit Panjang LRT systems and of providing public bus and taxi services, and its ancillary activities which include providing chartered bus and car rental services and specialist engineering consultancy services, but excludes transactions in respect of the purchase or sale of assets, undertakings or businesses.
- 4.2 It is anticipated that the SMRT Group may, from time to time, in the normal course of its business, enter into or participate in joint ventures and similar forms of mutual collaboration or participation, such as joint investments, co-operation arrangements and shareholders' agreements (collectively, **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 Group and its joint venture partners. The IPT Mandate will not cover any such joint venture with Interested Person(s). Such joint venture with Interested Person(s) which complies with the provisions of Rule 916(2) of the Listing Manual (the details of which are described in Appendix A-1) is exempted from requiring Shareholders' approval. In the event that such transaction does not comply with the provisions of Rule 916(2) of the Listing Manual, the Company will separately seek Shareholders' approval prior to the entry thereof.
- 4.3 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 Group to an Interested Person, or (b) the receipt of a contract by any company in the SMRT 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 A-1),

whichever is applicable. Such transaction which complies with the provisions of Rule 916(4) or Rule 916(5), whichever is applicable, of the Listing Manual is exempted from requiring Shareholders' approval.

- 4.4 The IPT Mandate will not cover any transaction by a company in the SMRT Group with an Interested Person that is below S\$100,000 in value, as Chapter 9 provides that any such transaction is to be excluded from the relevant provisions of Chapter 9.
- 4.5 Transactions by the SMRT Group with 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.

## **5. BENEFIT TO SHAREHOLDERS**

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

Where the Interested Person Transactions relate to the purchase of products and receipt of services from the Interested Persons, the SMRT Group will benefit from having access, where applicable, to competitive quotes from the Interested Persons, and may also derive savings in terms of cost efficiencies and greater economies of scale. The sale of products and provision of services to the Interested Persons widen the customer base and provide an additional source of revenue for the SMRT Group, provided that such products and services are provided 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 expense in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the SMRT Group, and enabling companies within the SMRT Group to expeditiously conclude time-sensitive business arrangements with the Interested Persons.

## **6. CLASSES OF INTERESTED PERSONS**

The IPT Mandate will apply to the Interested Person Transactions (as described in paragraph 7 below) with the following classes of Interested Persons, namely:

- (a) Temasek Holdings (Private) Limited (*Temasek*); and
- (b) the associates of Temasek.

## **7. CATEGORIES OF INTERESTED PERSON TRANSACTIONS**

The Interested Person Transactions entered into by the SMRT Group with the Interested Persons (as described in paragraph 6 above) which will be covered by the IPT Mandate (including the Additional IPTs) (which will not include transactions in respect of the purchase or sale of assets, undertakings or businesses) are as follows:

- (a) the leasing or rental of premises within the MRT and LRT stations 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 and systems;
- (f) the obtaining or procurement of communications and all other forms of utility services and products;
- (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; and
- (i) the leasing of fibre optic cables.

## **8. REVIEW PROCEDURES FOR INTERESTED PERSON TRANSACTIONS**

8.1 In general, the SMRT 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 Group's usual practices and policies, which (in relation to services or products 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 services or products to be obtained from an Interested Person) are no less favourable than those extended to the SMRT Group by unrelated third parties.

In particular, the following review procedures will be undertaken:

### (a) Provision of Services or Sale of Products

For transactions with Interested Persons which are not subject to Rule 916(5) of the Listing Manual, 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 of the service or product provider within the SMRT Group, 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 practiced 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 service to be provided or the product to be sold, the SMRT Group's pricing for such services to be provided or products to be sold to the Interested Persons is determined in accordance with the SMRT Group's usual business practices and pricing policies, consistent with the usual margin to be obtained by the SMRT Group for the same or substantially similar type of contract or transaction with unrelated third parties. In

determining the transaction price payable by Interested Persons for such services or products, the senior management of the relevant company of the SMRT Group (who has no 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 or Purchasing of Products

In general, for the obtaining of services and purchasing of products, the SMRT Group has an internal policy of calling for tenders and awarding the contract to the lowest offer which meets tender specifications in full or very substantially.

For transactions with Interested Persons which are not subject to (i) Rule 916(4) of the Listing Manual and (ii) the SMRT Group's internal policy on tenders (for instance, when there are no unrelated third party vendors of similar products or services or if the product or service is proprietary), the senior management staff of the relevant company in the SMRT Group (who has no 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. 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, a threshold limit equivalent to 3% of the latest audited consolidated net tangible assets of the SMRT Group for transactions with Interested Persons (***IPT Limit***) will be applied to supplement the internal procedures of the SMRT Group to ensure that transactions are undertaken with Interested Persons on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

Where the SMRT 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 Group's individual transaction 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.

- 8.2 A register will be maintained by the Company to record all Interested Person Transactions (and the basis on which they are entered into) 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, and the basis of such transactions, entered into with Interested Persons during the preceding quarter. The Audit Committee shall review such Interested Person Transactions at its quarterly meeting except where such Interested Person Transactions are required under the review procedures to be approved by the Audit Committee prior to the entry thereof.

- 8.3 The Company's annual internal audit plan shall incorporate a review of all Interested Person Transactions, including the established review procedures for the monitoring of such Interested Person Transactions, entered into during the current financial year pursuant to the IPT Mandate.

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 reviews, 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 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 Transaction will be on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders, and the Company will revert to the Shareholders for a fresh mandate 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.

- 8.4 For purposes of the above review and approval process, any Director of the Company 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.

## **9. EXPIRY AND RENEWAL 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 (*AGM*) 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 AGM, 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 are transacted on normal commercial terms and will be prejudicial to the interests of the Company and its minority Shareholders, the Company will seek a fresh IPT Mandate from the Shareholders based on new review procedures for Interested Person Transactions.

## **10. DISCLOSURE**

Pursuant to Chapter 9 of the Listing Manual, the Company will disclose in its annual report the aggregate value of the Interested Person Transactions entered into under the IPT Mandate during the financial year under review, 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 pursuant to the IPT Mandate 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.

## **11. OPINION OF THE INDEPENDENT FINANCIAL ADVISER (*IFA*)**

Under Chapter 9 of the Listing Manual, a circular to shareholders seeking a general mandate for interested person transactions must include, *inter alia*, the methods or procedures for determining transaction prices and an independent financial adviser's opinion on whether such methods or procedures are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the issuer and its minority shareholders.

However, Rule 920(1)(c) of the Listing Manual provides that an independent financial adviser's opinion is not required for the renewal of a general mandate for interested person transactions provided that the audit committee confirms that: (i) the methods or procedures for determining the transaction prices have not changed since last shareholder approval; and (ii) such methods or procedures are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the issuer and its minority shareholders.

Given the above, Deloitte & Touche Corporate Finance Pte Ltd (**DTCF**) has been appointed to advise the Independent Directors (as defined hereinafter) only on whether the guidelines and review procedures for determining the transaction prices of the Additional IPTs set out in this Appendix A, if adhered to, are sufficient to ensure that the Additional IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and the minority Shareholders.

The letter from DTCF to the Independent Directors dated 29 June 2009, containing its advice in full, is set out in Appendix A-2.

**Shareholders are advised to read the IFA's letter to the Independent Directors carefully.**

Taking into consideration the factors set out in its letter, DTCF is of the view that the guidelines and review procedures for determining the transaction prices of the Additional IPTs, if adhered to, are sufficient to ensure that the Additional IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and the minority Shareholders.

Accordingly, DTCF has advised the Independent Directors to recommend that Shareholders vote in favour of Resolution No. 8 relating to the proposed modifications (in relation to the Additional IPTs) to the IPT Mandate at the 10<sup>th</sup> AGM.

## **12. AUDIT COMMITTEE'S STATEMENT**

Having considered, *inter alia*, the terms, rationale and benefits of the proposed modifications to and renewal of the IPT Mandate and DTCF's advice as set out in Appendix A-2, the Audit Committee of the Company is of the opinion and confirms that:

- (i) the methods or procedures for determining the transaction prices of the Additional IPTs contemplated under the IPT Mandate, if adhered to, are sufficient to ensure that the Additional IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders;
- (ii) the methods or procedures for determining the transaction prices of the existing transactions contemplated under the IPT Mandate have not changed since the 9<sup>th</sup> AGM; and
- (iii) the methods or procedures referred to in sub-paragraph (ii) above 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.

### 13. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and the substantial Shareholder in the shares of the Company (*Shares*), as at 15 June 2009 being the Latest Practicable Date prior to the issue of this Appendix A, are set out below:

|                                    | Number of Shares |        |                 |        |
|------------------------------------|------------------|--------|-----------------|--------|
|                                    | Direct Interest  | %      | Deemed Interest | %      |
| <b>Substantial Shareholder</b>     |                  |        |                 |        |
| Temasek Holdings (Private) Limited | 824,400,030      | 54.37  | 1,275,000       | 0.08   |
| <b>Directors</b>                   |                  |        |                 |        |
| Choo Chiau Beng                    | 300,000          | 0.0198 | -               | -      |
| Saw Phaik Hwa                      | 463,400          | 0.0306 | -               | -      |
| Dilhan Pillay Sandrasegara         | -                | -      | -               | -      |
| Halimah Yacob                      | -                | -      | -               | -      |
| Ho Kim Wai                         | 5,000            | 0.0003 | -               | -      |
| Koh Yong Guan                      | 50,000           | 0.0033 | 20,000          | 0.0013 |
| Paul Ma Kah Woh                    | -                | -      | -               | -      |
| Ong Ye Kung                        | -                | -      | -               | -      |
| Bob Tan Beng Hai                   | -                | -      | -               | -      |

**Note:** Percentages are based on the issued capital of the Company of 1,516,229,146 Shares as at the Latest Practicable Date.

Temasek, a substantial Shareholder of the Company, and its associates, being Interested Persons in relation to the IPT Mandate, will abstain from voting on Proposed Resolution No. 8 being the ordinary resolution relating to the proposed modifications to, and renewal of, the IPT Mandate, in respect of any Shares respectively held by them. Temasek will also decline and will procure its associates to decline to accept appointment as proxies for any Shareholder to vote on Proposed Resolution No. 8 unless given specific instructions by the Shareholder as to how he wants his votes to be cast.

Saw Phaik Hwa will abstain from voting with her shareholdings in the Company, if any, on Proposed Resolution No. 8 being the ordinary resolution relating to the proposed modifications to, and renewal of, the IPT Mandate, at the 10<sup>th</sup> AGM. Saw Phaik Hwa shall also decline to accept appointment as proxy for any Shareholder to vote on Proposed Resolution No. 8, unless the Shareholder concerned shall have given instructions in his proxy form as to the manner in which his votes are to be cast in respect of the said resolution.

### 14. DIRECTORS' RECOMMENDATION

The Directors of the Company who are considered independent for the purposes of the proposed modifications to, and renewal of, the IPT Mandate are Messrs Choo Chiau Beng, Dilhan Pillay Sandrasegara, Halimah Yacob, Ho Kim Wai, Koh Yong Guan, Paul Ma Kah Woh, Ong Ye Kung and Bob Tan Beng Hai (*Independent Directors*).

Having considered, *inter alia*, the terms, the rationale and the benefits of the IPT Mandate, the Independent Directors are of the opinion that the entry into the Interested Person Transactions (as described in paragraph 7) between the SMRT Group (as described in paragraph 3) and the Interested Persons (as described in paragraph 6) in the ordinary course of its business will be in the best interests of the Company. For the reasons set out in paragraphs 2, 3 and 5, they recommend that Shareholders vote in favour of Resolution No. 8 relating to the proposed modifications to, and renewal of, the IPT Mandate at the 10<sup>th</sup> AGM.

**15. CONSENT**

The IFA to the Independent Directors, DTCF, has given and has not withdrawn its written consent to the issue of this Appendix A with the inclusion of its name, its letter to the Independent Directors dated 29 June 2009 as set out in Appendix A-2 and all references thereto, in the form and context in which they appear in this Appendix A.

**16. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept responsibility for the accuracy of the information given in this Appendix A and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed in this Appendix A are fair and accurate and that there are no material facts the omission of which would make any statement in this Appendix A misleading.

## APPENDIX A-1

### 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 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. Under the Listing Manual

##### "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 Singapore Exchange Securities Trading Limited (**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"

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.

##### "Associate"

In relation to any director, chief executive officer, substantial or controlling shareholder (being an individual), an "associate" means (a) an immediate family member (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 the individual 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 group.

“Controlling Shareholder”

A “controlling shareholder” of a listed company is a person who:

- (a) holds directly or indirectly 15% or more of all voting shares in the listed company. SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or
- (b) a person who 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 in Chapter 9.

“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.

**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 financial thresholds (which are based on the value of the transaction as compared with the listed company’s latest audited consolidated net tangible assets (*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 accounts of SMRT Corporation Ltd (**SMRT** or **Company**) and its subsidiaries (**Group**) for the financial year ended 31 March 2009, the consolidated NTA of the Group was S\$680.1 million. In relation to the Company, for the purposes of Chapter 9, in the current financial year and until such time as the consolidated audited accounts of the Group for the financial year ending 31 March 2010 are published, 5% of the latest audited consolidated NTA of the Group would be S\$34.0 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**

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 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 A-2**  
**LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS**

29 June 2009

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

Dear Sirs

**1. INTRODUCTION**

This letter has been prepared for inclusion in Appendix A (“**Appendix A**”) to the Notice of Annual General Meeting dated 29 June 2009 of SMRT Corporation Ltd (“**SMRT**” or the “**Company**”) to be issued in relation to the proposed modifications to an existing general mandate for interested person transactions (“**IPT Mandate**”). The modifications relate to the inclusion of certain additional interested person transactions (“**Additional IPTs**”) as described in paragraph 2.2 of Appendix A to the scope of the IPT Mandate. Unless otherwise defined, all terms defined in Appendix A have the same meanings in this letter.

Under Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST Listing Manual**”), an issuer may seek a general mandate from shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations. Transactions with interested persons (as such term is defined in the SGX-ST Listing Manual) conducted under such a general mandate are not subject to Rules 905 and 906 of the SGX-ST Listing Manual, which require respectively an immediate announcement to be made and/or shareholders’ approval for an interested person transaction if the value of the transaction is equal to or exceeds certain thresholds.

The Directors envisage that the SMRT Group, comprising SMRT, subsidiaries of SMRT (excluding subsidiaries listed on the SGX-ST or an approved exchange) and associated companies of SMRT (excluding associated companies listed on the SGX-ST or an approved exchange) over which SMRT, or SMRT and interested person(s) of SMRT has or have control, will, from time to time in the normal course of their businesses, enter into the Additional IPTs set out in paragraph 2.2 of Appendix A with the classes of interested persons (“**Interested Persons**”) set out in paragraph 6 of Appendix A. As such, the Directors are seeking that the existing IPT Mandate be modified so that any member of the SMRT Group may in its ordinary course of business enter into the Additional IPTs with Interested Persons without being subjected to the requirements in Rules 905 and 906 of the SGX-ST Listing Manual.

Deloitte & Touche Corporate Finance Pte Ltd (“**DTCF**”) has, in accordance with the requirements of Chapter 9 of the SGX-ST Listing Manual, been appointed as the independent financial adviser to advise the Independent Directors on whether the methods or procedures set out in section 8 of Appendix A for determining the transaction prices of the Additional IPTs are sufficient to ensure that the Additional IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

## 2. TERMS OF REFERENCE

We have been appointed as independent financial adviser to advise the Independent Directors on whether the methods or procedures for determining the transaction prices of the Additional IPTs are sufficient to ensure that the Additional IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

We have not been involved, whether directly or indirectly, in any aspect of the discussions on the scope of the proposed modifications to the IPT Mandate. We have also not been involved in the deliberations leading up to the decision by the Directors to obtain the proposed modifications to the IPT Mandate or the methods or procedures proposed to be adopted by the SMRT Group to ensure that the Additional IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

In providing our opinion, we have held discussions with the management of the Company. We have not independently verified information furnished by the management of the Company nor any representation or assurance made by them (whether written or verbal). Accordingly, we do not, whether expressly or implied, warrant or accept responsibility for the accuracy, completeness or adequacy of such information, facts, representations or assurances. Nevertheless, the management of the Company have confirmed to us that, to the best of their knowledge and belief, the information provided to us (whether written or verbal) by themselves, as well as the information contained in Appendix A, constitutes a full and true disclosure in all material respects of all material facts relating to the proposed modifications to the IPT Mandate and the Additional IPTs and that there is no material information the omission of which would make any of the information contained herein or in Appendix A inaccurate, incomplete or misleading in any material respect. We have made reasonable enquiries and exercised our judgment on the reasonable use of such information and have found no reason to doubt the accuracy or reliability of such information. We have further assumed that all statements of fact, belief, opinion and intention made by the Directors in Appendix A have been reasonably made after due and careful enquiry.

We were also not required or authorised to obtain, and we have not obtained, any quotation or transaction price from third parties for the sale, purchase, provision or supply of services and/or products similar to those which are to be covered by the Additional IPTs, and therefore are not able to, and will not, compare the Additional IPTs with similar transactions with third parties.

We have not evaluated and have not been requested to opine on, and we do not express any opinion on, the strategic or commercial merits or the risks of the Additional IPTs, the proposed modifications to the IPT Mandate or the prospects or earnings potential of the Company, and such evaluation shall remain the responsibility of the Directors. As such, we do not warrant or make any representation in relation to the merits of the Additional IPTs and the proposed modifications to the IPT Mandate. Our terms of engagement do not require us to conduct, and we have not conducted, a comprehensive review of the business, operations and financial condition of the SMRT Group. We have neither conducted an audit of the Additional IPTs nor do we warrant the implementation of the methods or procedures for determining the transaction prices in relation to the Additional IPTs by the SMRT Group.

Our opinion as set forth in this letter is based on prevailing market, economic, industry, monetary and other applicable conditions, our analysis of the information provided in Appendix A, as well as information provided to us by the management of the Company as of the Latest Practicable Date. Accordingly, our opinion does not take into account any

event, condition or information which occurs after the Latest Practicable Date. We assume no responsibility to update, revise or reaffirm our opinion in the light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein.

**Our opinion in relation to the Additional IPTs in connection with the proposed modifications to the IPT Mandate should be considered in the context of the entirety of this letter and Appendix A.**

### **3. EVALUATION OF THE REVIEW PROCEDURES FOR THE ADDITIONAL IPTS**

In arriving at our opinion on whether the methods or procedures for determining the transaction prices of the Additional IPTs are sufficient to ensure that the Additional IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, we have taken into consideration the following:

- (i) the proposed modifications to the IPT Mandate as set out in paragraph 2.2 of Appendix A titled “Proposed modifications to and renewal of the IPT Mandate”;
- (ii) the background to the proposed modifications to the IPT Mandate as set out in paragraph 2.3 of Appendix A titled “Background to the proposed modification of the IPT Mandate”;
- (iii) the rationale for the Additional IPTs as set out in paragraph 3 of Appendix A titled “Rationale for the IPT Mandate”;
- (iv) the benefits of the Additional IPTs to Shareholders as set out in paragraph 5 of Appendix A titled “Benefit to Shareholders”;
- (v) the categories of Additional IPTs as set out in paragraph 7 (subsections (d), (h) and (i)) of Appendix A titled “Categories of Interested Person Transactions”; and
- (vi) the methods or procedures for the Additional IPTs as set out in paragraph 8 of Appendix A titled “Review Procedures for Interested Person Transactions”.

### **4. OUR CONCLUSION**

Based on the information provided to us by the management of the Company, as well as the information contained in Appendix A, our evaluation of the methods or procedures to be used for determining the transaction prices for the Additional IPTs and subject to the qualifications made in this letter, we are of the opinion that the methods or procedures for determining the transaction prices of the Additional IPTs as set out in paragraph 8 of Appendix A, if adhered to, are sufficient to ensure that the Additional IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

We have prepared this letter for the use of the Independent Directors for their consideration of the proposed modifications to the IPT Mandate. Any recommendation made by the Independent Directors shall remain their sole responsibility.

Our opinion should not be relied on as an indication of the merits of the Additional IPTs, the SMRT Group or the shares of SMRT to any potential investor of the Company nor a recommendation to any Shareholder of the Company as to how such Shareholder should vote on the proposed modifications to, and renewal of, the IPT Mandate. As each potential investor and Shareholder of the Company may have different investment objectives and considerations, they should seek appropriate professional advice that is tailored to their circumstances.

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.

Yours faithfully,  
For and on behalf of  
Deloitte & Touche Corporate Finance Pte Ltd

Jeff Pirie  
Executive Director

**APPENDIX B –  
THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE**

**1. INTRODUCTION**

- 1.1 At the annual general meeting of the Company held on 11 July 2008 (**2008 AGM**), the shareholders of the Company (**Shareholders**) had approved, *inter alia*, the renewal of the mandate (**Share Purchase Mandate**) to enable the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (**Shares**) as permitted under and in accordance with the provisions of the Companies Act, Chapter 50, of Singapore (**Companies Act**). The authority and limitations on the Share Purchase Mandate were set out in Appendix B to the Notice of 2008 AGM and Ordinary Resolution 9 set out in the Notice of 2008 AGM.

The Share Purchase Mandate was expressed to take effect on the date of the passing of Ordinary Resolution 9 at the 2008 AGM and to continue in force until the earlier of (i) the conclusion of the next annual general meeting (**AGM**) or (ii) the date on which the next AGM is required by law to be held, unless the authority conferred by the 2008 AGM is carried out to the full extent mandated or revoked or varied by the Company in general meeting.

- 1.2 As the Share Purchase Mandate granted at the 2008 AGM is due to expire on 23 July 2009, being the date of the forthcoming AGM, the directors of the Company (**Directors**) will be seeking Shareholders' approval for the proposed renewal of the Share Purchase Mandate at the forthcoming AGM.
- 1.3 The purpose of this Appendix is to provide Shareholders with information relating to the proposal to be tabled at the AGM.

**2. RATIONALE FOR THE SHARE PURCHASE MANDATE**

- 2.1 The Share Purchase Mandate will give the Company the flexibility to undertake purchases of its Shares 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 of Shares and to hold such purchased 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 provided in paragraph 2.5 of this Appendix B.

- 2.2 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 earnings and/or the net tangible assets (**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.
- 2.3 The Directors, when approving any share purchase pursuant to the Share Purchase Mandate, will take into account the impact the share purchases may have on the liquidity of the Shares. The Directors are committed to ensuring that any share purchase 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 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 to such an extent that would, or in circumstances that might, result in a material adverse effect on the financial position of the Company or of the Company and its subsidiaries (**Group**), or result in the Company being de-listed from the Singapore Exchange Securities Trading Limited (**SGX-ST**).

2.4 **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 AGM, are the same as previously approved by Shareholders at the 2008 AGM, and are summarised below for the benefit of the Shareholders:

(a) *Maximum number of Shares*

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares which may be purchased or acquired pursuant to the Share Purchase Mandate shall not exceed 10% of the total number of issued Shares of the Company as at the date of the last AGM 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. Any Shares which are held as treasury shares will be disregarded for the purpose of computing the 10% limit.

For illustrative purposes only, based on 1,516,229,146 issued Shares as at 15 June 2009, being the latest practicable date prior to the issue of this Appendix B (*Latest Practicable Date*), and assuming that no further Shares are issued on or prior to the AGM, not more than 151,622,915 Shares (representing 10% of the Shares in issue as at that date) may be bought by the Company pursuant to the proposed Share Purchase Mandate.

(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 AGM at which the Share Purchase Mandate is approved up to the earlier of:

- (i) the date on which the next AGM 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 in a general meeting; or
- (iii) the date on which the share purchases have been carried out to the full extent mandated.

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

(c) *Manner of Purchase or Acquisition*

Purchases or acquisitions of Shares may be made by way of:

- (i) an on-market purchase (*On-Market Purchase*) transacted through the SGX-ST's Central Limit Order Book trading system and/or through one or more duly licensed dealers appointed by the Company for the purpose; and/or
- (ii) an off-market purchase (*Off-Market Purchase*), otherwise than on the SGX-ST, effected in accordance with an equal access scheme or schemes as defined in Section 76C of the Companies Act.

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 of the SGX-ST (*Listing Manual*) 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 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; 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 offers may relate to Shares with different accrued dividend entitlements;
  - (b) if applicable, differences in consideration attributable to the fact that 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 share buy-back;
- (iv) the consequences, if any, of share purchase by the Company that will arise under the Singapore Code on Take-overs and Mergers (*Takeover Code*) or other applicable takeover rules;
- (v) whether the share purchase, if made, would have any effect on the listing of the Shares on the SGX-ST; and
- (vi) details of any share purchase made by the Company in the previous 12 months (whether 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.

(d) *Maximum Purchase Price*

The purchase price (excluding brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) to be paid for the Shares shall be determined by the Directors and shall not exceed the maximum price (*Maximum Price*) as set out below:

- (i) in the case of an On-Market Purchase, 105% of the average of the closing market price (*Average Closing Price*) of the Shares on the SGX-ST over the last 5 market days on which transactions in the Shares were recorded immediately preceding the date of share purchase by the Company and deemed to be adjusted in accordance with the listing rules of the SGX-ST (*Listing Rules*) 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 of the closing market price of the Shares on the SGX-ST over the last 5 market days on which transactions in the Shares were recorded immediately preceding the date that the Company announces its intention to make an offer for an Off-Market Purchase, stating the purchase price and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.5 **Status of purchased Shares.** Any Share, unless held by the Company in treasury, is deemed cancelled immediately upon purchase 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. 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. 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 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 is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

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 option or award scheme;
- (c) transfer the treasury shares (or any of them) as consideration for an acquisition;
- (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 of Finance may by order prescribe.

2.6 **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. The Company may not however purchase the Shares if its directors or managers know that the Company is insolvent or may become insolvent as a result of the purchase or acquisition. For this purpose, a company is "insolvent" if:

- (a) it is unable to pay its debts as they become due in the normal course of business at the time of the purchase and during the period of twelve (12) months after the purchase; or
- (b) the value of its assets is, or will after the purchase 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 such values.

2.7 **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, such consideration (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

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 151,622,915 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\$267,781,230 based on S\$1.7661 for each Share (being the price equivalent to 5% above the Average Closing Price of the Shares trading on the SGX-ST for the five (5) consecutive market days immediately preceding the Latest Practicable Date); and
- (ii) in the case of Off-Market Purchase of the Shares, approximately S\$306,035,692 based on S\$2.0184 for each Share (being the price equivalent to 20% above the Average Closing Price of the Shares traded on SGX-ST for the five (5) consecutive market days 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 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. Where the purchased Shares are held in treasury, the total issued Shares of the Company remains unchanged.

(d) *Illustrative Financial Effect*

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 2008;
- (ii) 33,800 Shares issued pursuant to the exercise of share options granted under the SMRT Corporation Employee Share Option Plan between 31 March 2009 and the Latest Practicable Date had been issued on 1 April 2008;
- (iii) the Company had purchased the maximum of 151,622,915 Shares representing 10% of the issued ordinary share capital of the Company as at the Latest Practicable Date, on 1 April 2008;
- (iv) there were no issuance of Shares after the Latest Practicable Date; and
- (v) the consideration for the purchase or acquisition of the Shares is funded by internal funds and/or borrowings after allowing for working capital, and interest payable on additional borrowings is at the rate of 3% per annum,

the financial effects of the purchase or acquisition of the maximum 151,622,915 Shares by the Company on the audited financial statements of the Group for the financial year ended 31 March 2009 (**FY2009**) are as follows:

(A) **On-Market and Off-Market Purchases of up to 10% of the Shares made out of capital and profits, and held as treasury shares**

|  | <b>Group</b>                             |                                 |                                  |
|--|--|---------------------------------|----------------------------------|
|  | <b>Before Share Purchase<sup>6</sup></b> | <b>After On-Market Purchase</b> | <b>After Off-Market Purchase</b> |
|  | <b>\$'000</b>                            | <b>\$'000</b>                   | <b>\$'000</b>                    |
| <b>As at 31 March 2009</b>               |  |                                 |                                  |
| Share capital                            | 161,799                                  | 161,799                         | 161,799                          |
| Reserves                                 | 2,764                                    | 2,764                           | 2,764                            |
| Accumulated profits                      | 557,540                                  | 555,090                         | 554,138                          |
|  | <u>722,103</u>                           | <u>719,653</u>                  | <u>718,701</u>                   |
| Treasury shares                          | -  | (267,781)                       | (306,036)                        |
| Shareholders' funds <sup>1</sup>         | <u>722,103</u>                           | <u>451,872</u>                  | <u>412,665</u>                   |
| NTA <sup>2</sup>                         | 680,171                                  | 409,940                         | 370,733                          |
| Current assets                           | 392,342                                  | 163,766                         | 162,619                          |
| Current liabilities                      | 416,265                                  | 415,763                         | 415,568                          |
| Working capital                          | (23,923)                                 | (251,997)                       | (252,949)                        |
| Total borrowings                         | 250,000                                  | 292,157                         | 330,412                          |
| Number of Shares ('000) <sup>3</sup>     | 1,516,229                                | 1,364,606                       | 1,364,606                        |
| Weighted average number of Shares ('000) | 1,515,773                                | 1,364,150                       | 1,364,150                        |
| <b>Financial Ratios</b>                  |  |                                 |                                  |
| NTA per Share (cents)                    | 44.86                                    | 30.04                           | 27.17                            |
| Annualised return on equity (%)          | 23.26                                    | 28.39                           | 29.24                            |
| Basic earnings per Share (cents)         | 10.7                                     | 11.7                            | 11.7                             |
| Gearing ratio (times) <sup>4</sup>       | 0.35                                     | 0.65                            | 0.80                             |
| Current ratio (times) <sup>5</sup>       | 0.94                                     | 0.39                            | 0.39                             |

**Notes:**

1. The funds used for effecting the share purchases are taken from capital (40%) and out of accumulated profits (60%).
2. Net tangible assets (*NTA*) equals net assets less goodwill on consolidation.
3. Excludes 151,622,915 Shares held in treasury after the share purchases and is computed based on 1,516,229,146 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 the financial year ended 31 March 2009, adjusted for 33,800 Shares issued between 31 March 2009 and the Latest Practicable Date.

As illustrated above, the purchase 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 2009 would decrease from 44.86 cents to 30.04 cents in the case of an On-Market Purchase and to 27.17 cents in the case of an Off-Market Purchase.

However, the consolidated basic earnings per Share of the Group for FY2009 would increase from 10.7 cents to 11.7 cents per Share in both cases of On-Market and Off-Market Purchases.

**(B) On-Market and Off-Market Purchases of up to 10% of the Shares made entirely out of profits, and held as treasury shares**

|  | <b>Group</b>  |  |   |
|--|---|--|---|
|  | <b>Before Share<br/>Purchase<sup>5</sup><br/>\$'000</b> | <b>After On-Market<br/>Purchase<br/>\$'000</b> | <b>After Off-Market<br/>Purchase<br/>\$'000</b> |
| <b>As at 31 March 2009</b>               |   |  |   |
| Share capital                            | 161,799   | 161,799  | 161,799   |
| Reserves                                 | 2,764   | 2,764  | 2,764   |
| Accumulated profits                      | 557,540   | 555,090  | 554,138   |
|  | <u>722,103</u>  | <u>719,653</u>                                 | <u>718,701</u>                                  |
| Treasury shares                          | -   | (267,781)                                      | (306,036)                                       |
| Shareholders' funds                      | <u>722,103</u>  | <u>451,872</u>                                 | <u>412,665</u>                                  |
| NTA <sup>1</sup>                         | 680,171   | 409,940  | 370,733   |
| Current assets                           | 392,342   | 163,766  | 162,619   |
| Current liabilities                      | 416,265   | 415,763  | 415,568   |
| Working capital                          | (23,923)  | (251,997)                                      | (252,949)                                       |
| Total borrowings                         | 250,000   | 292,157  | 330,412   |
| Number of Shares ('000) <sup>2</sup>     | 1,516,229   | 1,364,606                                      | 1,364,606                                       |
| Weighted average number of Shares ('000) | 1,515,773   | 1,364,150                                      | 1,364,150                                       |
| <b>Financial Ratios</b>                  |   |  |   |
| NTA per Share (cents)                    | 44.86   | 30.04  | 27.17   |
| Annualised return on equity (%)          | 23.26   | 28.39  | 29.24   |
| Basic earnings per Share (cents)         | 10.7  | 11.7   | 11.7  |
| Gearing ratio (times) <sup>3</sup>       | 0.35  | 0.65   | 0.80  |
| Current ratio (times) <sup>4</sup>       | 0.94  | 0.39   | 0.39  |

**Notes:**

1. NTA equals net assets less goodwill on consolidation.
2. Excludes 151,622,915 Shares held in treasury after the share purchases and is computed based on 1,516,229,146 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 the financial year ended 31 March 2009, adjusted for 33,800 Shares issued between 31 March 2009 and the Latest Practicable Date.

As illustrated above, the purchase 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 2009 would decrease from 44.86 cents to 30.04 cents in the case of an On-Market Purchase and to 27.17 cents in the case of an Off-Market Purchase.

However, the consolidated basic earnings per Share of the Group for FY2009 would increase from 10.7 cents to 11.7 cents per Share in both cases of On-Market and Off-Market Purchases.

(C) **On-Market and Off-Market Purchases of up to 10% of the Shares made out of capital and profits, and cancelled**

|  | <b>Group</b>  |  |   |
|--|---|--|---|
|  | <b>Before Share<br/>Purchase<sup>6</sup><br/>\$'000</b> | <b>After On-Market<br/>Purchase<br/>\$'000</b> | <b>After Off-Market<br/>Purchase<br/>\$'000</b> |
| <b>As at 31 March 2009</b>               |   |  |   |
| Share capital                            | 161,799   | 54,687   | 39,385  |
| Reserves                                 | 2,764   | 2,764  | 2,764   |
| Accumulated profits                      | 557,540   | 394,421  | 370,516   |
|  | <u>722,103</u>  | <u>451,872</u>                                 | <u>412,665</u>                                  |
| Treasury shares                          | -   | -  | -   |
| Shareholders' funds <sup>1</sup>         | <u>722,103</u>  | <u>451,872</u>                                 | <u>412,665</u>                                  |
| NTA <sup>2</sup>                         | 680,171   | 409,940  | 370,733   |
| Current assets                           | 392,342   | 163,766  | 162,619   |
| Current liabilities                      | 416,265   | 415,763  | 415,568   |
| Working capital                          | (23,923)  | (251,997)                                      | (252,949)                                       |
| Total borrowings                         | 250,000   | 292,157  | 330,412   |
| Number of Shares ('000) <sup>3</sup>     | 1,516,229   | 1,364,606                                      | 1,364,606                                       |
| Weighted average number of Shares ('000) | 1,515,773   | 1,364,150                                      | 1,364,150                                       |
| <b>Financial Ratios</b>                  |   |  |   |
| NTA per Share (cents)                    | 44.86   | 30.04  | 27.17   |
| Annualised return on equity (%)          | 23.26   | 28.39  | 29.24   |
| Basic earnings per Share (cents)         | 10.7  | 11.7   | 11.7  |
| Gearing ratio (times) <sup>4</sup>       | 0.35  | 0.65   | 0.80  |
| Current ratio (times) <sup>5</sup>       | 0.94  | 0.39   | 0.39  |

**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 151,622,915 Shares which are cancelled after the share purchases and is computed based on 1,516,229,146 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 the financial year ended 31 March 2009, adjusted for 33,800 Shares issued between 31 March 2009 and the Latest Practicable Date.

As illustrated above, the purchase 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 2009 would decrease from 44.86 cents to 30.04 cents in the case of an On-Market Purchase and to 27.17 cents in the case of an Off-Market Purchase.

However, the consolidated basic earnings per Share of the Group for FY2009 would increase from 10.7 cents to 11.7 cents per Share in both cases of On-Market and Off-Market Purchases.

**(D) On-Market and Off-Market Purchases of up to 10% of the Shares made entirely out of profits, and cancelled**

|  | <b>Group</b>                             |                                 |                                  |
|--|--|---------------------------------|----------------------------------|
|  | <b>Before Share Purchase<sup>5</sup></b> | <b>After On-Market Purchase</b> | <b>After Off-Market Purchase</b> |
|  | <b>\$'000</b>                            | <b>\$'000</b>                   | <b>\$'000</b>                    |
| <b>As at 31 March 2009</b>               |  |                                 |                                  |
| Share capital                            | 161,799                                  | 161,799                         | 161,799                          |
| Reserves                                 | 2,764                                    | 2,764                           | 2,764                            |
| Accumulated profits                      | 557,540                                  | 287,309                         | 248,102                          |
|  | <u>722,103</u>                           | <u>451,872</u>                  | <u>412,665</u>                   |
| Treasury shares                          | -  | -                               | -                                |
| Shareholders' funds                      | <u>722,103</u>                           | <u>451,872</u>                  | <u>412,665</u>                   |
| NTA <sup>1</sup>                         | 680,171                                  | 409,940                         | 370,733                          |
| Current assets                           | 392,342                                  | 163,766                         | 162,619                          |
| Current liabilities                      | 416,265                                  | 415,763                         | 415,568                          |
| Working capital                          | (23,923)                                 | (251,997)                       | (252,949)                        |
| Total borrowings                         | 250,000                                  | 292,157                         | 330,412                          |
| Number of Shares ('000) <sup>2</sup>     | 1,516,229                                | 1,364,606                       | 1,364,606                        |
| Weighted average number of Shares ('000) | 1,515,773                                | 1,364,150                       | 1,364,150                        |
| <b>Financial Ratios</b>                  |  |                                 |                                  |
| NTA per Share (cents)                    | 44.86                                    | 30.04                           | 27.17                            |
| Annualised return on equity (%)          | 23.26                                    | 28.39                           | 29.24                            |
| Basic earnings per Share (cents)         | 10.7                                     | 11.7                            | 11.7                             |
| Gearing ratio (times) <sup>3</sup>       | 0.35                                     | 0.65                            | 0.80                             |
| Current ratio (times) <sup>4</sup>       | 0.94                                     | 0.39                            | 0.39                             |

**Notes:**

1. NTA equals net assets less goodwill on consolidation.
2. Excludes 151,622,915 Shares which are cancelled after the share purchases and is computed based on 1,516,229,146 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 the financial year ended 31 March 2009, adjusted for 33,800 Shares issued between 31 March 2009 and the Latest Practicable Date.

As illustrated above, the purchase of Shares made entirely out of the 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 2009 would decrease from 44.86 cents to 30.04 cents in the case of an On-Market Purchase and to 27.17 cents in the case of an Off-Market Purchase.

However, the consolidated basic earnings per Share of the Group for FY2009 would increase from 10.7 cents to 11.7 cents per Share in both cases of On-Market and Off-Market Purchases.

**Shareholders should note that the financial effects set out above, based on the respective aforementioned assumptions, are for illustration purposes only. In particular, it is important to note that the above analysis is based on historical audited FY2009 numbers, and is not necessarily representative of future financial performance. In addition, the actual impact will depend on the actual number and price of Shares to be purchased by the Company.**

**Although the Share Purchase Mandate would authorise the Company to purchase or acquire up to 10% of the issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the Shares. The Company may also cancel or hold in treasury all or part of the Shares purchased or acquired.**

- 2.8 **Listing Status of the Shares.** The Listing Manual requires a listed company to ensure that at least 10% of equity securities of any 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 and its subsidiaries, as well as the associates 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 Company and its subsidiaries and their associates have in aggregate, direct and deemed interests in approximately 0.08% of the Shares. Temasek Holdings (Private) Limited (*Temasek*), the substantial Shareholder of the Company, has in aggregate, direct and deemed interests in approximately 54.46% of the Shares.

As at the Latest Practicable Date, there are approximately 689,246,016 Shares in the hands of public Shareholders, representing 45.46% of the issued share capital of the Company. Assuming the Company exercises the Share Purchase Mandate in full and purchases 10% of the issued Shares of the Company through On-Market Share Purchases from the public, the number of Shares in the hands of the public would be reduced to approximately 537,623,101 Shares, representing approximately 35.46% of the issued 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 through On-Market Purchases up to the full 10% limit pursuant to the proposed Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST.

In undertaking any purchases 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 share purchases 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.

- 2.9 **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 (i.e. a day on which the SGX-ST is open for securities trading) (*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. 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 Listing Rules do not expressly prohibit the purchase 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 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 of Directors until such time as the price sensitive information has been publicly announced. In particular, 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.

- 2.10 **Shareholding Limits.** SMRT's Articles of Association (the *Articles*) currently prescribe a limit of 10% (the *Prescribed Limit*) of the issued Shares in which any single Shareholder or related group of Shareholders (other than Temasek and/or such person or persons approved by the Minister for Information, Communication and the Arts, collectively, the *Permitted Persons*) may have an interest.

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 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.

- 2.11 **Takeover Implications Arising from the Takeover Code.** Pursuant to Appendix 2 of the Takeover Code (which contains the Share Buy-Back Guidance Note), an increase of a Shareholder's proportionate interest in the voting rights of the Company resulting from a share buy-back by the Company will be treated as an acquisition for the purposes of Rule 14 of the Takeover Code (*Rule 14*).

Under Rule 14, a Shareholder and persons acting in concert with the 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 any of its directors and (b) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies and companies of which such companies are associated companies, all with each other. 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.

Consequently, 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 as a result of the Company's purchase of its Shares.

Unless exempted, Directors of the Company and persons acting in concert with them will incur an obligation to make a takeover offer under Rule 14 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 substantial Shareholders of the Company as at the Latest Practicable Date are set out in paragraph 3 below. Based on the shareholdings of the Directors and the substantial Shareholders of the Company as at the Latest Practicable Date, none of the Directors or substantial Shareholders will become obligated to make a mandatory offer by reason only of the purchase or acquisition of 151,622,915 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 and/or other relevant authorities at the earliest opportunity.**

- 2.12 **No Previous Purchases of Shares.** The Company has not undertaken any purchase or acquisition of Shares pursuant to the Share Purchase Mandate approved by Shareholders at the 2008 AGM in the last 12 months immediately preceding the Latest Practicable Date.

### 3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

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

|                                    | Number of Shares |        |                 |        |
|------------------------------------|------------------|--------|-----------------|--------|
|                                    | Direct Interest  | %      | Deemed Interest | %      |
| <b>Substantial Shareholder</b>     |                  |        |                 |        |
| Temasek Holdings (Private) Limited | 824,400,030      | 54.37  | 1,275,000       | 0.08   |
| <b>Directors</b>                   |                  |        |                 |        |
| Choo Chiau Beng                    | 300,000          | 0.0198 | -               | -      |
| Saw Phaik Hwa                      | 463,400          | 0.0306 | -               | -      |
| Dilhan Pillay Sandrasegara         | -                | -      | -               | -      |
| Halimah Yacob                      | -                | -      | -               | -      |
| Ho Kim Wai                         | 5,000            | 0.0003 | -               | -      |
| Koh Yong Guan                      | 50,000           | 0.0033 | 20,000          | 0.0013 |
| Paul Ma Kah Woh                    | -                | -      | -               | -      |
| Ong Ye Kung                        | -                | -      | -               | -      |
| Bob Tan Beng Hai                   | -                | -      | -               | -      |

**Note:** Percentages are based on the issued capital of the Company of 1,516,229,146 Shares as at the Latest Practicable Date.

**4. DIRECTORS' RECOMMENDATION**

Taking into consideration the rationale for the Share Purchase Mandate set out in paragraphs 2.1 and 2.2, 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 the Ordinary Resolution No. 9 of the Notice of AGM relating to the renewal of the Share Purchase Mandate at the 10<sup>th</sup> AGM.

**5. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors accept responsibility for the accuracy of the information given in this Appendix B and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed in this Appendix B are fair and accurate and that there are no material facts the omission of which would make any statement in this Appendix B misleading.