



**SMRT CORPORATION LTD**  
(Incorporated in the Republic of Singapore)  
Company Registration Number: 200001855H

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**PROPOSED TRANSFER OF BUSES UNDER THE BUS SERVICE ENHANCEMENT PROGRAMME  
TO THE LAND TRANSPORT AUTHORITY**

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**1. INTRODUCTION**

- 1.1 The board (the "**Board**") of directors (the "**Directors**") of SMRT Corporation Ltd (the "**Company**") and together with its subsidiaries, the "**Group**") wishes to announce that the Land Transport Authority ("**LTA**") has issued a purchase notice dated 26 February 2016 (the "**Purchase Notice**") to the Company's wholly-owned subsidiary, SMRT Buses Ltd. ("**SMRT Buses**"), under which LTA will purchase 175 buses (collectively, the "**Purchase Buses**") from SMRT Buses, under the Bus Service Enhancement Programme (the "**BSEP**") (as described in paragraph 2 below).
- 1.2 Under the Purchase Notice, SMRT Buses will transfer ownership of, and LTA will purchase, the Purchase Buses (the "**Proposed Transfer**"). The effective date of the Proposed Transfer is expected to be on 31 May 2016 (the "**Purchase Date**").

**2. INFORMATION ON THE PURCHASE BUSES**

- 2.1 In connection with the BSEP, which was launched by the Singapore Government in 2012 to enhance bus service levels and bus network connectivity for the benefit of commuters, SMRT Buses had entered into a financing agreement (as amended) as well as an ancillary agreement with LTA (collectively, the "**BSEP Agreements**"). For further details on the BSEP, please refer to the joint news release by LTA, the Company and SBS Transit Ltd released on SGXNet on 13 September 2012. In summary, under the BSEP, the Singapore Government through LTA has funded the purchase of new buses to significantly increase bus capacity and bus service levels in Singapore.
- 2.2 The BSEP Agreements provide that, *inter alia*, LTA will provide a loan facility to SMRT Buses for the purpose of the acquisition of new buses under the BSEP. The loan facility is, in turn, secured against the buses procured or to be procured by SMRT Buses pursuant to the BSEP Agreements. LTA provides a monthly financing subsidy to SMRT Buses to fund the loan repayments under the loan facility. The Purchase Buses are purchased through such arrangement under the BSEP Agreements.
- 2.3 The Purchase Buses comprise 175 buses procured by SMRT Buses under the BSEP Agreements which are presently registered under SMRT Buses' name (including certain equipment, accessories and components necessary for the operation of such buses).

**3. BACKGROUND AND RATIONALE FOR THE PROPOSED TRANSFER AND BENEFITS OF THE BSEP**

- 3.1 The Proposed Transfer takes place under the BSEP, as LTA builds its fleet in preparation for the transition of the public bus industry to the Bus Contracting Model which was announced by the Singapore Government in 2014.

- 3.2 As mentioned in paragraph 2.1 above, the BSEP was launched by the Singapore Government to enhance bus service levels and bus network connectivity for the benefit of commuters and, under the BSEP, the Singapore Government through LTA has funded the purchase of new buses to significantly increase bus capacity and bus service levels in Singapore. The Purchase Buses are purchased through SMRT Buses' arrangement with LTA under the BSEP Agreements.

#### **4. SALIENT TERMS OF THE PROPOSED TRANSFER**

##### **4.1. Consideration**

The consideration payable by LTA for the Proposed Transfer is determined by the aggregate of all liabilities due, owing or incurred to LTA in respect of each Purchase Bus on the Purchase Date (the "**Consideration**"). As such, as at the date of this announcement, the quantum of the Consideration is not fixed, and will be finalised on or around the Purchase Date. The Consideration is estimated to be approximately S\$66.3 million (the "**Estimated Consideration**").

Given that the Consideration is effectively equivalent to the net book value of the Purchase Buses, there will be no excess or deficit of the Consideration over the net book value, and no gain or loss on disposal in respect of the Proposed Transfer.

The Consideration in respect of each Purchase Bus will be automatically set-off against the total amount of liabilities owed by SMRT Buses to LTA in respect of the same Purchase Bus. Accordingly, there is no net payment from LTA to SMRT Buses for the Proposed Transfer.

The Consideration payable in respect of the purchase of each Purchase Bus, provided under the BSEP Agreements, was determined in accordance with the BSEP which was implemented by the Singapore Government as part of its public transport policy.

##### **4.2. Other Terms**

The Proposed Transfer is subject to certain operational provisions being carried out, including the conduct of a visual inspection carried out jointly by SMRT Buses and LTA.

On the Purchase Date, SMRT Buses will transfer ownership of the Purchase Buses to LTA by the execution and delivery of a prescribed bill of sale to LTA.

#### **5. INTENDED USE OF PROCEEDS**

As mentioned in paragraph 4.1 above, as the Consideration in respect of each Purchase Bus will automatically be used to set-off the total amount of liabilities owed by SMRT Buses to LTA in respect of the same Purchase Bus, there will be no net proceeds flowing to SMRT Buses; instead, the Consideration will reduce the amount of liabilities owed or incurred by SMRT Buses to LTA.

#### **6. FINANCIAL EFFECTS OF THE PROPOSED TRANSFER**

- 6.1 For illustrative purposes only, the financial effects of the Proposed Transfer on the Company as set out below are prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 March 2015 ("**FY2015**") and subject to the following key assumptions:

- (a) the effect of the Proposed Transfer on the Group's consolidated earnings per share in the Company ("**Share**") ("**EPS**") is based on the assumption that the Proposed Transfer had been effected at the beginning of FY2015; and
- (b) the effect of the Proposed Transfer on the Group's consolidated net tangible assets ("**NTA**") per Share is based on the assumption that the Proposed Transfer had been effected at the end of FY2015.

6.2 The illustrative financial effects as set out below are theoretical in nature and for illustrative purposes only, and are therefore not indicative of the actual or potential financial performance, financial position or earnings of the Group after the completion of the Proposed Transfer:

(a) *EPS*

Based on the assumption in paragraph 6.1(a) above, the Group's consolidated EPS would remain unchanged at S\$0.06 as a result of the Proposed Transfer.

(b) *NTA per Share*

Based on the assumption in paragraph 6.1(b) above, the Group's consolidated NTA per Share would remain unchanged at S\$0.556 as a result of the Proposed Transfer.

## 7. **RELATIVE FIGURES OF THE PROPOSED TRANSFER UNDER CHAPTER 10 OF THE LISTING MANUAL**

The relevant relative figures for the Proposed Transfer as computed on the bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**"), based on the unaudited consolidated financial results of the Group for the third quarter ended 31 December 2015 (being the latest announced consolidated financial results of the Group), are as follows:

<b>Relative Figures under Rule 1006 of the Listing Manual<sup>(1)</sup></b>	<b>Relative Figures (%)</b>
<u>Rule 1006(a)</u>	
Net asset value of the Purchase Buses compared with the Group's net asset value	7.48% <sup>(2)</sup>
<u>Rule 1006(b)</u>	
Net profits attributable to the Purchase Buses compared with the Group's net profits	Not meaningful <sup>(3)</sup>
<u>Rule 1006(c)</u>	
Aggregate value of the Consideration compared with the market capitalisation of the Company as at 25 February 2016.	2.67% <sup>(4)</sup>

**Notes:**

- (1) *Rule 1006(d) is not applicable as no Shares will be issued by the Company to LTA in connection with the Proposed Transfer. Rule 1006(e) is not applicable to the Company.*

- (2) *Based on the net asset value of the Purchase Buses\* as at 31 December 2015 of approximately S\$66.4 million, divided by the Group's net asset value as at 31 December 2015 of approximately S\$888.1 million.*
- (3) *Not meaningful because there are no net profits attributable to the Purchase Buses as under the BSEP Agreements, all the fare revenue will be paid to, and operating expenses of the Purchase Buses will be borne by, LTA.*
- (4) *Based on the Estimated Consideration of S\$66.3 million, divided by the market capitalisation of the Company of approximately S\$2,483.9 million (based on the weighted average price of the Shares transacted on 25 February 2016, being the market day immediately preceding the date of the Purchase Notice, and excluding treasury shares).*

\* *The net asset value of the Purchase Buses reflected here excludes six (6) of the Purchase Buses that SMRT Buses has, as at 31 December 2015, committed to procure from manufacturers or suppliers for the purpose of the BSEP but which have not been delivered to SMRT Buses as at 31 December 2015. Accordingly, the Group did not attribute any net asset value in respect of these six (6) Purchase Buses in the unaudited consolidated financial results of the Group for the third quarter ended 31 December 2015.*

In view of the foregoing, the Proposed Transfer constitutes a "discloseable transaction" under Chapter 10 of the Listing Manual. Accordingly, the Company is not required to seek approval from shareholders of the Company ("**Shareholders**") for the Proposed Transfer in general meeting.

## **8. DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Directors or (to the best of the knowledge of the Directors) controlling Shareholders has any interest, direct or indirect, in the Proposed Transfer.

No person is proposed to be appointed to the Board in connection with the Proposed Transfer, and no Director's service contract is proposed to be entered into by the Company with any person in connection with the Proposed Transfer.

## **9. FURTHER ANNOUNCEMENT**

The Company will release a further announcement on SGXNet upon completion of the Proposed Transfer.

By Order of the Board

Jacquelin Tay Gek Poh  
Company Secretary  
26 February 2016